ANNUAL REPORT

OF THE

Indian Merchants' Chamber and Bureau

00133676

FOR THE YEAR

1917-18.

(Presented to the Annual General Meeting held on the 30th September, 1918)

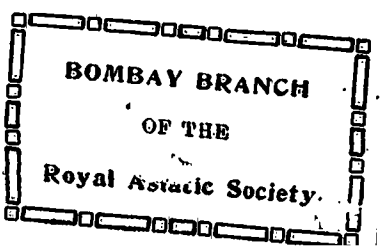
Printed by:
E. A. VASEE, M. DAMODAR BROS.
7, Church Gate Street, Fort, Bombay.

Published by:
MR. J. K. MEHTA, Secretary; the "Indian Merchants' Chamber and Bureau"
Old Telephone Buildings, 19, Bank Street, Bombay.

Presented

by

JEHANGIR BOMANJEE PETIT.



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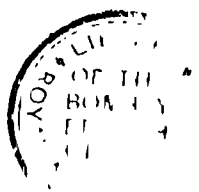

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INDEX.

	SUBJECTS.	PAGE.
1.	List of Members	1
2.	List of Members of the Committee	11
3.	Chairmen of the Chamber and other Office bearers...	12
4.	Annual General Meeting	13
5.	Report of the Committee	25
6.	Accounts of the Chamber	43
7.	List of Magazines and papers received	45
8.	Exchange Value	47
9.	Trade Commissioners Service	54
10.	Visit of and interview with the Hon'ble Sir William Meyer	63
11.	W. T. Halai's Motion	80
12.	The Bill to give additional powers to Courts ...	82
13.	The Bill proposing to amend the Criminal Procedure Code	84
14.	The Bill to Consolidate and Amend the Law relating to the Income Tax	86
15.	Visit of H. M's. Secretary of State for India ...	89
16.	Indian Cotton Committee	94
17.	Indian Industrial Commission...	108
18.	Janmashtami Holiday	111
19.	Interview with the Hon'ble Mr. Cadell	113
20.	Government Statistics	116
21.	Control of Iron and Steel	118

22. Control of Cotton Cloth and Raw Cotton 122

23. The 10th of Moharrum as an additional Post Office Holiday for the Mahommedans 129

24. Goods Classification 132

25. Circular to all Companies and holders of Government Auditors' Certificate... 139

26. Control of Capital 145

27. Second interview with the Hon'ble Sir William Meyer 148

28. The Hindu Limited Owners Bill 156

29. Indo-French Trade 158

30 State vs Company Management of Railways ... 160

31. Amendment of Indian Railways Act.... 167

32. Adulteration of Indian Articles of Export 171

33. Estimate of the Stock of Piece goods in Bombay ... 189

34. Issue of Priority Passes 192

35. Declaring a General Landing date by the Bombay Port Trust 194

36. Charging of fees by Survey Officers 201

LIST OF MEMBERS OF THE INDIAN MERCHANTS' CHAMBER AND BUREAU.

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1	Messrs.	Morarji Goculdas & Co. (Hon'ble Sir Dinshaw Edulji Wachha).
2	,,	Chhagandas & Co. (Mr. Devkaran Nanji Desai J.P.)
3	,,	Pragji Surji & Co. (Mr. Pragji Surji).
4	,,	Mulji Haridas & Co. (Mr. Mulji Haridas.)
5	,,	Dinshaw D. Karani & Co. (Mr. Dinshaw Dosabhai Karani).
6	,,	M. M Batliwala & Co. (Mr. M. M. Batliwala).
7	Hon'ble	Mr. Manmohandas Ramji (Self).
8	Messrs.	Pragji Vandravan & Co. (Mr. Laxmidas Purshottam Vandravan).
9	,,	Morarji Velji & Co. (Mr. Morarji Velji).
10	,,	Jethabhai Walji & Co. (Mr. Jethabhai Walji).
11	,,	Walji Shamji & Co. (Mr. Kalianji Lalji).
12	,,	Chaturbhuj Shivji & Co. (*Mr. Chaturbhuj Shivji).*
13	,,	Chunilal Sakalchand & Co. *(Mr. Premchand Zaverchand).*
14	,,	Mulji Karsondas & Co. *(Mr. Mulji Karsondas).*
15	,,	Walji Sunderji & Co. *(Mr. Walji Sunderji).*
16	,,	Bhucandas Govindji & Co. (Mr. Lalji Govindji).
17	,,	Ravjibhai Naranji & Co. (Mr. Dwarkadas Ravji Naranji).
18	,,	Matubhai Vassanji & Co. (Mr. Vassanji Naranji).
19	,,	Damodar Haridas & Co. (Mr. Mathuradas Haridas).
20	,,	Madhavji Thackersey & Co. (Mr. Devidas Madhavji Thackersey).
21	,,	Ramdas Madhawji & Co. (Mr. Madhawji Jaisang).
22	,,	Bhimji Kara & Co. (Mr. Mathuradas Manji).
23	,,	Damodar Govindji & Co. Mr. Vithaldas Damodar Govindji).
24	,,	Tallackchand Jetha & Co. (Mr. Narottamdas Hemchand).
25	,,	Hemraj Kanji & Co. (Mr. Morarji Hemraj Kanji).
26	,,	Tricumdas Purshottam & Co. (Mr. Vithaldas Tricumdas).

27 Messrs. Karsondas Purshottam & Co. (Mr. Karsondas Premji).
28 „ Chaturbhuj Jivandas & Co. (Mr. Kanji Goculdas).
29 „ Morarji Kallianji & Co. (Mr. Valji Govindji).
30 „ Hiralal Amratlal & Co. (Mr. Manilal Lalloobhai).
31 „ Bhalchandra Balvant & Co. (Mr. Balvant Ramchandra).
32 „ Vallabhdas Jamnadas & Co. (Mr. Vallabhdas Jamnadas).
33 „ Jagjiwan Hemraj & Co. (Mr. Goculdas Jadavji).
34 „ Lalji Naranji & Co. (Mr. Lalji Naranji).
35 „ Ghella Dayal & Co. (Mr. Goculdas Jivraj).
36 „ Vallabhdas Kanji & Co. (Mr. Ranchhoddas Vallabhdas Kanji).
37 „ Bhimji Dwarkadas & Co. (Mr. Dhanji Bhimji).
38 „ Mulji Damodar & Co. (Mr. Vassanji Mulji Damodar).
39 „ Kanji Karson & Co. (Mr. Harjivan Walji).
40 „ Hormusji Bejonji & Co. (Mr. Gordhandas Purshottam).
41 „ Ramji Thackersey & Co. (Shah Tallackchand Goberdas).
42 „ Madanji Mohanji & Co. (Mr. Vithaldas Dharamsey).
43 „ Raghavji Anandji & Co. (Mr. Narottamdas Vallabhdas).
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48 „ Chhotalal Mulchand & Co. (Mr. Kallianji Mawji).
49 „ Manji Walji & Co (Mr. Mathuradas Manji Walji).
50 „ Edulji Kharsetji & Co. (Mr. Kharsetji Jamsedji).
51 „ Devkaran Narandas & Co. (Mr. Devkaran Mulji).
52 „ Purshottam Govindji & Co. (Mr. Haridas Purshottam Govindji).
53 „ Chhotalal Mangaldas & Co. (Mr. Nanji Mangaldas).
54 „ Lalji Tricumji & Co. (Mr. Purshottam Lalji).
55 „ Purshottam Laxmidas & Co. (Mr. Dwarkadas Vasanji).
56 „ Hemraj Jaisung & Co. (Mr. Narayandas Haribhai).
57 „ Hargovind Chatu & Co. (Mr. Karsondas Hargovindi).
58 „ Damodar Walji & Co. (Mr. Hirji Rustomji).

59 Messrs. Amratlal Jugjiwan & Co. (Mr. Jugjiwan Sheshkaran).
60 ,, Bhagvandas Bhavanbhai & Co. (Mr. Vrajlal Bhagwandas).
61 ,, Bhimji Ravji & Co. (Mr. Chhabildas Laxmidas).
62 ,, Gordhandas Naranji & Co. (Mr. Naranji Narsey).
63 ,, Jairam Hari & Co. (Mr. Mathuradas Liladhar).
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65 ,, Jethabhai Govindji & Co. *(Mr. Jamnadas Devidas).*
66 ,, Koorji Dharamsey & Co. *(Mr. Mathuradas Kurji).*
67 ,, Gopalji Walji Sunderji & Co. (Mr. Mulji Laxmidas).
68 ,, Hormusji Khursedji & Co. (Hon'ble Mr. Phiroz C. Sethna).
69 ,, Kavasji Temoolji & Co. (Mr. Temoolji Burjorji).
70 ,, Morarji Govindji & Co. (Mr. Govindji Jivandas).
71 ,, Vishram Dhanji & Co. (Mr. Vandravandas Walji).
72 ,, Padamsey Munji & Co. (Mr. Purshottam Mulji).
73 ,, Kalidas Dharamsey & Co. (Mr. Motilal Kanji).
74 ,, Gopalji Kalianji & Co (Mr. Soonderdas Paramanand).
75 ,, Purshottam Dwarkadas & Co. (Mr. Damodar Bhagvandas).
76 ,, Walji Khimji & Co. (Mr. Vallabhdas Walji).
77 ,, Shamji Vandravan & Co. (Mr. Hiralal Mulji).
78 ,, Hemraj Walji & Co. (Mr. Jivandas Hemraj Walji).
79 ,, Bamanji Shapurji & Co. (Mr. Dinshawji Bamanji).
80 ,, Ranchhoddas Valabhai & Co. (Mr. Ranchhoddas Valabhai)
81 ,, Vallabhdas Laxmidas & Co. (Mr. Ratansey Doongersey).
82 ,, Raghavji Ebbji & Co. (Mr. Valji Ebbji).
83 ,, Kapurchand Ramchand & Co. (Mr. Kapurchand Ramchand).
84 ,, Hirji Dayal & Co. (Mr. Lalji Dayal).
85 ,, Thackersey Mulji & Co. (Sir Vithaldas Damodar Thackersey).
86 ,, Anandji Walji & Co. (Mr. Premdas Khimji).
87 ,, Damodar Nassarwanji & Co. (Mr. Dorabji Nassarwanji).
88 ,, Versi Curramsey & Co. (Mr. Walji Soonderji)
89 ,, Kavasji Framji & Co. (Mr. Narandas Purshottam).
90 ,, Rattansey Kanji & Co. (Mr. Padamsey Ratansey Kanji).
91 ,, Mulji Jetha & Co. (Mr. Chaturbhuj Gordhandas).

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93 „ Vaman Shridhar & Co. (Mr. Vaman Shridhar Apte).
94 „ Chaturbhuj Haridas & Co. (Mr. Chaturbhuj Purshottam).
95 „ Mulji Padamsey & Co. (Mr Heerji Topan.)
96 „ Liladhar Dwarkadas & Co. (Mr. Soonderji Walji.)
97 „ Goculdas Shivji & Co. (Mr. Soonderji Damodar.)
98 „ Jamshedji Faramji Kharas & Co. (Mr. Ardeshar Jamshedji Kharas)
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100 „ Purshottam Kalidas & Co. (Mr. Bhagvandas Purshottam.)
101 „ Premchand Chhaganlal & Co. (Mr. Balabhai Lallubhai.)
102 „ Manji Keshavji & Co. (Mr. Haridas Mathuradas Thackkar.)
103 „ Girdhardas Jethabhai & Co. (Mr. Haridas Gordhandas.)
104 „ Jivram Vassanji & Co. (Mr. Jaishtaram Jivram.)
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106 „ Harjivan Walji & Co. (Mr. Harjivan Walji).
107 „ Zaver Jagjivan & Co. (Mr. Ramdas Zaver Jagjivan.).
108 „ Revashankar Jagjivan (Mr. Revashankar Jagjivan.)
109 „ Motilal Dayabhai & Co. (Mr. Motilal Dayabhai.)
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115 Mr. Ruttonsey Moolji (Self).
116 Messrs. Bhaidas Narotumdas & Sons (Mr. Manecklal Bhaidas).
117 „ Ramdas Khimji & Co. (Purshotamdas Jivandas).
118 „ Phirozshah B. Petit & Co. (Phirozshah B. Petit).
119 „ Dhanjibhai B. Petit & Co. (Dhanjibhai B. Petit).
120 Raja Bahadur Shivlal Motilal & Co. (Mr Govindlal).
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123 Mr. Thaker Vallabhdas Kalianjiwala (Mr. Narsinh Vallabhdas).

124 „ Kaikhusru Manekji Minocherhomji (Editor & Proprietor of the Bombay Samachar).
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147 „ Tata Sons & Co. (Mr. Phiroz J. Billimoria).
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152 „ Warden & Co. (Mr. Sorabji E. Warden).
153 „ Premchand Roychand & Sons. (Mr. Kikabhai Premchand).

154 Mr. Purshotam Vishram Mawjee (Self).
155 Messrs. Sreerama Samanna (Self).
156 „ The Hindustani Native Merchants' Association (Seth Jugannath Munim of Seth Tarachand Juharimal).
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158 Mr. Arjun Khimji (Self).
159 Messrs. N. Powell & Co. (Mr. M. Venkatrav)
160 Hon'ble Mr. Abdul Hussein Adamji Peerbhoy (Self).
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172 „ H. Pestonji & Co. (Mr. Dosabhai Pestonji Bhakka)
173 Mr. Mathuradas Goculdas Thacker (Self).
174 „ Hirachand Vanechand Desai (Self).
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177 Mr. Nassarwanji K. A. Chinoy (Self).
178 Messrs. Vasanji Velji & Co. (Mr. Shivji Champsi).
179 „ P. N. Mehta & Co. (Mr. Phirozshah Nussarwanji Mehta).
180 „ Kilachand Devchand & Co. (Mr. Chhotalal Kilachand).
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185 Messrs. Mamraj Rambhagat (Mr. Prahladrai Ramjidas).
186 Mr. Haridas Nagjee Vora (Self).
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189 „ Manilal Goculbhai Mulchand (Self).
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203 Mr. Ratansey Dharamsey Morarji (Self).
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206 „ Ghelabhai Gangsey and Co. (Mr. Hirji Ghelabhai). } Merchants' Association.
207 „ The India Agency Co., Ltd., (Messrs. Narandas Purshottamdas & Sons—Agents: Mr. Devidas Narandas).
208 „ Ramji Purshottam & Co. (Mr. Naranji Haribhai).
209 Mr. Abdulla Fazulbhai (Self).
210 „ Khimji Hirji Kayani & Co. (Mr. Khimji Hirji Kayani).
211 Mr. Jehanjir Bomanji Petit. (Self).
212 „ Cassumali Jerajbhai Peerbhai *(Self).*
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214 „ Assar Virjee & Sons *(Mr. Laxmidas Haridas).*
215 Mr. Meghji Vasanji Tricumji *(Self).*
216 „ Vithaldas Liladar Bhimji *(Self).*
217 Messrs. The Commission & General Agency (Mr. M. V. Subiah).

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219 „ Dwarkadas Kalyandas (Self).
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222 „ Surajmal Lallubhai & Co. (Mr. Surajmal Lallubhai).
223 „ J. N. Singh & Co. (Mr. C. B. Lall).
224 Mr. Mathuradas Goculdas (Self).
225 Messrs. The Bombay Fancy Piecegoods Association (Mr. Naranji Dayal).
226 „ Rustomji Edulji Dadachanji & Co. (Mr. Barjor Framroz R. Joshi).
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231 „ Mavji Govindji & Co. (Mr. Mavji Govindji).
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234 „ P. A. Dosal & Sons. (Mr. Ahmad Pyaralibhai Abdula Dosal).
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236 „ Bhimji Jeraj & Co. (Mr. Bhimji Jeraj).
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247 The Indian National Association (Self).
248 Mr. Mohomed Hussein Dehdashti (Self).
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250 Mr. Maneklal Manilal Ranchhoddas Parikh (Self).
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252 Mr. Ismail A. H. Moosa (Self.)
253 „ Jamnadas Vassanji Munji „
254 „ Gordhandas Bhimji „
255 „ Maneklal Chunilal Shroff „
256 „ Padamsinh Narsinhbhai „
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263 „ Narayan Dhondiba & Co. (Mr. Shantaram Vishvanath.)
264 „ Soorji Vallabhdas & Co. (Mr. Soorji Vallabhdas.)
265 „ Chatrabhuj Govindji & Co. (Mr. Premji Vishram.)
266 „ Laxmichand Padamsey & Co. (Mr. Laxmichand M. Doshi.)
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273 Dr. H. L. Batliwala Sons & Co. (Managing Director Mr. Jehangir H. L. Batliwala)
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280 „ Bradford & Co. (Mr. Byramji Bomanji Edulji Moris.)
281 „ Mayashanker Thakkar & Co. (Mr. Mayashanker M. Bhatt.)
282 „ Doongershi Shamji Joshi & Co. (Mr. Vallabhdas Dayal)
283 Mr. Harnandarai Ramnarayan. (Self)
284 „ Hormusji Bapooji Gazdar. (Self)

MEMBERS OF THE COMMITTEE OF THE INDIAN MERCHANTS' CHAMBER AND BUREAU FOR THE YEAR 1918-1919.

1 The Hon'ble Mr. Chunilal V. Mehta. (Chairman.)
2 Mr. Jehangir Bomanji Petit (Vice Chairman.)
3 The Hon'ble Mr. Manmohandas Ramji.
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5 Mr. Jamnadas Dwarkadas.
6 The Hon'ble Sir Fazulbhoy Currimbhoy.
7 „ „ Mr. Purushottamdas Thakordas.
8 Sir Vithaldas D. Thakersey.
9 Mr. Hansraj Pragjee Thakersey.
10 The Hon'ble Sir Dinshaw E. Wacha.
11 Mr. Manu Subedar.
12 „ Devidas Madhavjee Thakersey.
13 „ Vasanji Thakersey Halai.
14 Sir Shapurji B. Broacha.
15 Mr. Motilal Vallabhjee.
16 „ Motilal Kanji.
17 „ Gulabchand Devchand Zaveri.
18 „ Sorabji Edulji Warden.
19 „ Moolji Haridas.
20 „ Narandas Purushottam.
21 „ Mathuradas Vasanji.
22 „ Phiroz J. Billimoria.
23 „ Revashanker Jagjivan.
24 „ Chatrabhuj Shivji.
25 „ Laxmidas Ravji Tairsey.
26 „ Naranji Haribhai (Grain Merchants' Association.)
27 „ Laxmichand M. Khokhani (The Bombay Shroff Association.)
28 „ S. B. Billimoria (The Professional Accountants' Association.)

CHAIRMEN OF THE INDIAN MERCHANTS' CHAMBER AND BUREAU.

Hon. Mr. Manmohandas Ramji 1907—1913,
„ „ Purushottamdas Thakordas 1913—1914.
„ Sir Fazulbhoy Currimbhoy 1914—1915.
„ „ Dinshaw Edulji Wacha 1915—1916.
„ Mr. Lallubhai Samaldas C. I. E. 1916—1917.
Sir Vithaldas D. Thakersey Kt. 1917—1918.
Hon. Mr. Chunilal V. Mehta 1918—1919.

Secretary:—Mr. J. K. Mehta, M.A.
Asst. Secretary:—Mr. K. M. Desai, B. Com.

Hon. Auditor:—Mr. Devidas Vithaldas.
Chamber's Solicitors:—Messrs. Edgelow, Gulabchand, Wadia & Co., Solicitors.

Representative on the Bombay Legistative Council.
The Hon'ble Mr. Manmohandas Ramji.

THE INDIAN MERCHANTS' CHAMBER AND BUREAU.

Annual General Meeting.

The Eleventh Annual General Meeting of the Indian Merchants' Chamber and Bureau was held at the Office of the Chamber, on Monday the 30th September 1918 at 2 P. M. (B. T.) to transact the following business:—

1 To receive the report of the Managing Committee for the year 1917-1918.

2 To declare the Election of the Members of the New Committee.

3 To appoint an Auditor to the Chamber for the ensuing year.

Sir Vithaldas D. Thakersey, Chairman of the Chamber, presided.

The following members were present:—

Hon. Mr. Chunilal V. Mehta.
„ „ Lallubhai Samaldas C. I. E.
Sir Fazulbhoy Currimbhoy.
Mr. Jehangir B. Petit.
„ Laxmidas Purshottam.
„ Morarji Velji
„ Chatrabhuj Shivji.
„ Jethabhai Valji.
„ Lalji Govindji.
„ Vithaldas D. Govindji.
„ Morarji Hemraj.
„ Jamnadas Dwarkadas.
„ Manu Subedar.
„ Valji Govindji.
„ Gokuldas Jivraj.
„ Ranchhoddas Vallabhdas.
„ Vasanji Moolji.

Mr. Chatrabhuj Karsondas.
" Cursetji Jamsedji.
" Jagjivan Sheskaran.
" Motilal Vallabhji.
" Mathuradas Kurji.
" Moolji Laxmidas.
" Cawashaw H. Batliwala.
" Motilal Kanji.
" Jivandas Hemraj.
" Ranchhoddas Valabhai.
" Haridas Mathuradas.
" Haridas Gordhandas.
" Revashanker Jagjivan.
" Purushottam Jivandas.
" Mathuradas Vassanji.
" Krishnarao Purushottam.
" Gulabchand Devchand.
" Pestonji E. Dhala.
" Hansraj Pragji Thakersey.
" Laxmidas Haridas.
" Laxmidas Ravji Tairsey.
" Surajmal Lallubhai.
" N. S. Bayanker.
" Nagindas A. Adatia.
" Mavji Govindji.
" Jafferbhoy Goolamhoosein.
" Narandas Purushottam.
" C. N. Batliwala.
" B. B. Morris.

SPEECH BY SIR VITHALDAS D. THAKERSEY KT.

GENTLEMEN,

In presenting the report of your Chamber for the past year, I shall, with your permission, avail myself of the opportunity to review its many sided activities. It was more than usually active during the year.

The War has taken a turn for the better and we are watching with great satisfaction the series of striking victories achieved by the allied armies. In all the battle fronts where they are engaged, our Indian troops are showing splendid

bravery. There is no doubt that Germany is beaten though it may take some time before we may be able to dictate victorious peace terms about which, however, there cannot be the slightest doubt.

The British navy has also continued to maintain the supremacy of the sea and protect the commerce of the allies India particularly owes a deep debt of gratitude to it for this protection without which the trade and prosperity of this country cannot have reached the present state.

India too has done its duty to the fullest extent to the British Empire of which any country should be proud to be a member, This is not the occasion to enumerate the various ways in which India's help has been of the greatest value to the Empire. This has been clearly shown in the several pronouncements by Government both in India and in England. In spite of such splendid help in money, men and materials, India has continued to prosper although no doubt people in general have been adversely affected by high prices, famine and influenza. It is our duty to continue to help to the utmost the Empire to bring about a victorious end which, let us hope, is not far distant.

India, however, is not saved from the inconveniences and difficulties which such a world war has brought to all countries and we must console ourselves that we have suffered less than other parts of the Empire so far. No doubt new taxes have been imposed but let it be said to the credit of our Finance, Minister, the Hon'ble Sir William Meyer, that he has selected sources of revenue, on the whole, most judiciously. In spite of several mad suggestions from some quarters he has stood firmly for the legitimate protection of Indian interests.

This brings me to an important matter which is disturbing the minds of the Indian Commercial Community. You are aware when the new Income Tax Act was passed last year

several suggestions were made by this Chamber, more particularly about the Income Tax forms and the difficulties of the Indian Commercial Community to comply promptly with some of the provisions of the Act. This year, however, when the new forms under the Income Tax Act were sent out, the merchants thought that at least some of the information called for was unwarranted and that some columns were difficult for them to fill. This complaint is not local; it is heard throughout India amongst the Commercial Community. The feeling is deep and genuine, and I think I will be failing in my duty, as your Chairman, if I do not take this opportunity to publicly bring this to the notice of the Government on this occasion. You all know how sympathetic Sir William Meyer is to all Indian interests and we have only to convince Government of the deeply felt grievance in this matter and he is sure to act promptly in order to obtain redress.

The Government should not depend solely upon official reports but should undertake a thorough inquiry into the causes of this grievance. It is one of the disadvantages of a system of Government where the people themselves are not associated with the administration, that popular grievances reach the Authorities very late, and often too late to be remedied. I humbly suggest that Government should without loss of time appoint a small committee of officials and representatives of the people to enquire thoroughly into the details of the grievances, with regard to the information required in the Income Tax forms, and to suggest modifications therein which while not reducing to the slightest degree the legitimate revenues of the state, would remove the difficulties of the Indian Commercial Community. There is one characteristic of Indians which Government should not forget to note; it is when you give them a full hearing and convince them that their grievances have been considered in detail and that what is fair and just has been granted they will more easily be satisfied than if you give them a little more in a curt fashion. This, to my mind,

is the best and the speediest method of inquiring into the grievances of the people. Calling for official reports on representations and returning a formal reply to the Commerciael Communities hundreds of miles away in a case of this kind where feelings are wide-spread, would not be the right method of dealing with this question.

This brings me to the question of Super Tax imposed last year and the Excess Profits Tax proposed to be imposed next year.

Last year in this Chamber and also at the committee meeting when Sir William Meyer kindly attended I brought to the notice of Government the injudicious levy of Super Tax on Reserve Funds of Companies. I then said that the tendency of the Tax would be to weaken the financial position of the Companies and this is coming to be true. Large dividends have been declared which ought to have gone to strengthen the position of the Companies. A part from this loss to the industry it has led to wild speculation in the stock market on the expectation of large dividends. And now the day of reckoning has come. I do still think that Government should at once cease to employ this method of taxing which has a tendency of depleting reserve funds, more especially as they are now going to levy a War Profits Tax. This is the view not only of Bombay but also of Calcutta, whose representative the Hon'ble Mr. Ironside has unequivocally condemned the method of super taxing Reserve Funds. In England where every avenue of taxation has been tapped no super tax is levied on reserve fund.

Coming to the proposed War Profits Tax it can not be denied that it is a sound principle that those who have most benefitted on account of the War should bear a fair share of the costs of the War. But I am afraid in India the difficulty of ascertaining the War profit will be very great. These difficulties were foreshadowed by the Hon. Sir William Meyer in his

budget speech last year. It was owing to these difficulties that he substituted the super tax. Now the Super Tax is levied and on that comes the 50% Excess Profits Tax. This I think is rather hard. There is no question that some tax will have to be levied to pay for the additional 45/- million pounds Sterling for the war; but I think instead of collecting such a huge amount in two years, if the tax is distributed over a number of years the burden would be little felt and large profits made by merchants and the industrial concerns may be used in expanding the industries of India.

The most important event during the past year was the visit of His Majesty's Secretary of State for India to this country. It was a real mark of statesmanship for the Secretary of State to come out to India and frame the Reform Scheme after hearing all the parties in this country. The report published is a masterpiece in itself and the recommendations made therein represent substantial steps towards the Goal of Self-Government for which India has been asking so long and which the British Government has committed itself to give by its pronouncements of August 20th 1917. Your Committee has considered in detail the scheme proposed by the illustrious authors and their report is to be placed at a special meeting to be held after this meeting for the consideration of the whole Chamber. This matter is so important and the majority of the members of this Chamber are taking such keen interest in the political progress of this country, that your committee has thought fit to lay their draft reply to Government letter before a general meeting for their opinion.

There is, however one matter in the report which I should like to allude to, and it is the Fiscal Autonomy for India. The authors of the report have ably and truly summarised the feelings of the Indian community on this point and you will kindly permit me to quote a few lines from the paras;—

"The theoretical free trader, we believe, hardly exists in India at present.....Educated Indian opinion ardently desires a tariff. It rightly wishes to find another substantial base than that of the land for Indian revenues, and it turns to a tariff to provide one. Desiring industries which will give him. Indian-made clothes to wear and Indian-made articles to use, the educated Indian looks to the example of other countries which have relied on tariffs, and seizes on the admission of even free traders that for the nourishment of nascent industries a tariff is permissible.....Whatever economic fallacy underlies his reasoning, these are his firm beliefs; and though he may be willing to concede the possibility that he is wrong, he will not readily concede that it is our business to decide the matter for him. He believes that as long as we continue to decide for him we shall decide in the interests of England and not according to his wishes; and he points to the debate in the House of Commons on the differentiation of the cotton excise in support of his contention. So long as the people who refuse India protection are interested in manufactures with which India might compete, Indian opinion can not bring itself to believe that the refusal is disinterested or dictated by case for the best interests of India. This real and keen desire for Fiscal Automony does not mean that educated opinion in India is unmindful of Imperial obligations. It has been decided by Parliament that the Fiscal relations of all parts of the Empire and the rest of the world should be considered after the war, and we assume that this consideration will be by an Imperial Conference on which India will be adequately represented."

We entirely agree with his summary, but our disappointment is great when no recommendations have been made upon Fiscal Autonomy to India which we value most of all. No doubt the fiscal relations of all parts of the Empire are to be considered after the War, but we should insist that we should be properly represented at any Conference to be held for the purpose. I lay stress on the word "Proper" because until now the commercial and industrial interests of this country have never been properly represented in any of their Conferences.

Until last year, in spite of enormous sacrifices on account of the War and the substantial help given from India, our daily life was not appreciably affected and the great inconveniences and the hardships that are experienced by the other countries were hardly noticed in India. But now we are beginning to feel the pinch of the War. All the necessaries of life have increased in cost and the suffering of the middle and poor classes is greatly increased in consequence. The Government has wisely taken several steps needed to give relief to the poor and I think it is our duty to co-operate in their efforts in this direction. The Food problem, difficult as it was, has increased a hundred-fold by famine conditions in the greater part of this presidency and in many other places in India. Government can do a great deal, but their efforts would be crowned with greater success if the people would co-operate in different parts of the Presidency to organize the supply of food products. The time is come for stopping profiteering in all directions.

The second important step taken by the Government is the control of cotton cloth. If we omit from our consideration the motive of self interest and if we impartially consider the whole situation I think the interference of the Government in the piece goods business has been brought about by some of our own people. For many months until July of this year the price of cloth varied from Rs. 1-6-0 to Rs. 2-0-0 according to the ordinary

demand and supply and to a certain extent by the rise in the prices of cotton; but during August speculators actively raised the price to Rs. 2-12-0 to Rs. 3-0-0 per lb., a rise of about Rs. 0-12-0. Although the actual business done at this high rate was infinitesimally small the effect of the rise in the central cloth market reacted on the consuming markets, where a sudden rising of prices created hardship amongst the poor. Speculation does good to no one. A trade is healthy if conducted in a normal way, but a speculative rise and fall to my mind is unhealthy. Had it not been for this unwarranted speculation the great loss in the cloth market evidenced to-day owing to Government intervention would not have been occasioned. The control at present is confined to a part of the production of the Mills and details have been worked out in a conference recently held in Bombay. As one who was present and took part in the deliberations of the conference as a representative of the Bombay Millowners' Association I am convinced that the appointment of Mr. Noyce as Controller of Cloth is a very wise one. His experience in the Indian Cotton Committee, his sense, of justice and fairplay and his keen desire to see that the poor get the full benefit of the standard cloth as evidenced by the very valuable suggestions he made at the conference give promise that the Act will be administered in its true spirit. Let us sincerely hope that his exertions may be crowned with complete success by the loyal support of the officers of local Governments to whom is left the actual distribution of standard cloth, by their following discriminately the recommendations made at the Conference by the representatives of the industries. Undoubtedly the Mill-owners will have to make some sacrifice, but I am sure they will not grudge it when they are assured that their sacrifice has relieved the sufferings of the poor. I am sure the Mill-owners will heartily co-operate under such circumstances.

In conclusion, I think the Chamber may rightly take pride in having done useful and most valuable work during the last year, by which it has rightly secured the confidence of Government and other public bodies. It gives me very great pleasure to hand over the charge of my office as your chairman to our able colleague, the Hon'ble Mr. Chunilal V. Mehta, whom you have been pleased to elect as your next chairman and for which I must congratulate the Chamber. His vast experience, keen sense of duty and his desire to do his best in the interests of the industrial community will be of considerable advantage in the deliberations of the vast and important problems that may come up before this Chamber on the eve of peace which we all hope we shall see during his chairmanship.

Speech of the Hon'ble Mr. C. V. MEHTA.

It is customary procedure to take up the items of the Annual General Meeting just after the election is over. But as you are all aware, the matter has been delayed owing to unavoidable circumstances. The attention of the members of your Committee was engaged in more important questions such as the Income tax and the Excess Profits Tax. On the other hand the proposed control of cotton and cloth came as a nightmare on the trading public.

The world wide war has given rise to new taxes and new forms of control and the needful action taken in connection with each one of them by the Chamber need not be repeated here. However it will be but proper to cite the example of the London Chamber of Commerce in a meeting held on the 20th October 1917, in order to consider measures of control of trade by the Government. It is but natural that the mercantile community would resent restrictions on trade and commerce. Lack of transport facilities and many other economic conditions have led to a sudden and abnormal rise of prices. When export facilities are few, articles of trade naturally happen to be hoarded—which sometimes

assume the form of cornering and profiteering. When Government come in as intermediary between producers and consumers at such a critical stage and introduce measures of control it is not surprising that the commercial community would not tolerate them. It was on such principles that the London chamber objected to control laid by Government, and declared at the same time that if control would be laid Government should act in cooperation with the mercantile community while safeguarding the interests of importers, exporters and distributors. Even the Prime Minister favourably considered these suggestions.

Gentlemen, I am glad to inform you that your committee have preserved their prestige in this connection in the same way while tackling such questions as Income Tax, Supertax-Excess Profits tax and Cotton and cloth control.

Let me remind you, gentlemen, that there are many other grave problems relating to trade and industries in India and they will go on multiplying. Our Chamber is prepared to face them. To illustrate I may point out the Excise Duty Question. If India gets Fiscal Autonomy and her Tariff is reconstructed, the economic relations with the British Empire will be strengthened and Indian trade interests will be greatly protected. Signs of brighter hopes are visible in the horizon and the future depends on the reconstruction policy consequent upon the Montagu-Chelmsford Reform proposals.

Problems many and momentous there will crop up for the Chamber to face the next year and I am fully confident that with the valuable help of your committee there will be no difficulty in solving them. Time has come now when our Chamber shall have to keep up its prestige by assiduous and farsighted and cautious work. Your Committee as usual will continue to furnish resources, sympathy and cooperation; and I am fully confident that the prestige of our Chamber will go on increasing and we shall be able to get equal recognition with the European Chamber.

The result of the ballot for the Chairman, Vice-Chairman and Members of the Committee for the ensuing year was then announced as follows:—

1 The Hon'ble Mr. Chunilal V. Mehta (Chairman)
2 Mr. Jehangir Bomanji Petit (Vice Chairman)
3 The Hon. Mr. Manmohandas Ramji
4 „ „ „ Lallubhai Samaldas C. I. E.
5 Mr. Jamnadas Dwarkadas
6 The Hon'ble Sir Fazulbhoy Currimbhoy
7 „ „ Mr. Purushottamdas Thakordas
8 Sir Vithaldas D. Thakersey
9 Mr. Hansraj Pragjee Thakersey
10 The Hon'ble Sir Dinshaw E. Wachha
11 Mr. Manu Subedar
12 „ Devidas Madhavji Thakersey
13 „ Vasanji Thakersey Halai
14 Sir Shapurji B. Broacha
15 Mr. Motilal Vallabhji
16 „ Motilal Kanji
17 „ Gulabchand Devchand Zaveri
18 „ Sorabji Edulji Warden
19 „ Moolji Haridas
20 „ Narandas Purushottam
21 „ Mathuradas Vasanjee
22 „ Phiroz J. Billimoria
23 „ Revashankar Jagjivan
24 „ Chatrabhuj Shivji
25 Laxmidas Ravji Tairsey

REPORT OF THE COMMITTEE OF THE INDIAN MERCHANTS' CHAMBER AND BUREAU FOR THE YEAR 1917-1918 TO BE PRESENTED TO THE GENERAL MEETING TO BE HELD ON MONDAY THE 30TH SEPTEMBER, 1918.

The Committee have great pleasure in presenting the Eleventh Annual Report to your Chamber. During the course of the year 27 meetings were held, the work done being of a varied and important nature.

The principal subjects discussed were:—

1. **Exchange Value:**—The Committee sent in a representation in respect of raising of the rate of Exchange. A Sub-Committee was appointed to draft the reply which purported to state that the bold policy of steady rate instead of perpetual tinkering should be adopted. For the purpose (1) Rupee should be made convertible into gold and reduced to the position of tokens for internal circulation. (2) Facilities should be given on a permanent basis for the minting of gold in this country. (3) Instead of leaving the matter to the Exchange Banks the Government should arrange for the importation of a certain quantity of gold. (4) The Government should try to make the notes payable in gold. (5), A State Bank should be started to manage the note

issue to be backed by gold alone in the reserves to be kept against it. In fact it has been pointed out by the Committee that the Government of India should formulate and declare a definite policy with reference to the future which would re-establish popular faith in the good intentions of the Government. It has been also pointed out that it was the determination of the Government to maintain the Exchange at 1s-4d and also the declared opinions of experts pointed to the same policy.

2. **Trade Commissioners' Service:**—The question of Trade Commissioners' Service was referred to the Chamber and the urgency of the matter prompted the Committee to wire their reply that in order to encourage especially Indian Trade interests, these Commissioners should be non-official and Indians as far as possible; and that early steps should be taken to appoint such Trade Commissioners in important centres of the Empire. This service, it was added, might be so organized and managed that it would keep itself in close touch with the representatives abroad and with the Press at home, furnishing at the same time to the commercial community and the public a mass of information so as to give a fair working acquaintance with the topography, trade, and products of nearly every country in the world.

3. **Services of the Chamber's Secretary requisitioned by the Munitions Board:**—Mr. J. K. Mehta whose services begin almost from the time of the inception of this Chamber has securd a post on the Munitions Board. The Chairman of the last year has rightly and in well-chosen terms, noted down the high sense of appreciation of his devoted and zealous work all throughout.

4. **Visit of and interview with Hon'ble Sir William Meyer:**—During the interview which Hon'ble Sir William Meyer had with the members of the Committee the Chairman, Sir Vithaldas D. Thakersey Kt., introduced the following four points:—(1) Exchange Rates. (2) Supertax. (3) Incometax; and (4) Viramgam duties. The Finance member replied seriatim to each one of them to the effect that the "recent raising of the price of the Secretary of State's Council drawings has been brought about by abnormal increase in the price of silver which is in its turn a product of the special circumstances of this world-wide war. The measures adopted to meet these circumstances must not be considered as amounting in any way to abandonment of the policy of a fixed and stable exchange." (2) That the assessment of undistributed profits to super-tax under the law as it now stands, is likely to bring about undesirable allocation of profits to dividends, is what the Government cannot agree to. Indian Super-tax Act does not follow that method of the English Supertax with a view "to secure an appreciable portion of the excess profits that have lately accrued in connection with the war." Our Super-tax here is a special extension of the income-tax under which, as in England, the profits of Companies and firms are taxed just as much as those of individuals. In India had the English method been followed the refunds would have been very large, so that it goes direct to individual share-holders, and taxes the Companies only in respect of undistributed profits. (3) In the Income-Tax Bill it is proposed to allow depreciation on buildings used for commercial purposes, as well as on machinery and plant; and that a depreciation

allowance shall be fixed by local Governments for different classes of buildings, machinery or plant having regard to the estimated life thereof. (4) The Government of India on the 27th September 1917 notified the Bombay Government that Viramgam line of duties could be abolished.

5. **Mr. W. T. Halai's motion to amend certain rules of the Chamber:**—The motion was considered by the Committee and an extraordinary general meeting was convened for the purpose.

6. **The Bill to give additional Powers to Courts:**—In certain cases of usurious loans of money or grain, certain additional powers have been proposed by the legislature to be given to civil courts. The opinion of this Chamber was invited by the Government and the Committee communicated their reply after considering the Bill in all its bearings that they agreed with the provisions of the Bill.

7. **The Bill proposing to amend the Criminal Procedure Code:**—The opinion of the Committee in this case was forwarded to the following effect:—That in every case tried by a Presidency Magistrate in which an appeal lies, such Magistrate shall either take down the evidence of the witnesses with his own hand or as provided in the sequel in the Bill. In fact the Committee agreed with the provisions thereof.

8. **Indian Industrial Conference:**—The Joint Honorary Secretaries of the Indian Industrial Conference having invited delegates, the Committee issued a circular requesting members to enlist themselves as such; and accordingly nearly eight members were sent as delegates.

9. **The Bill to consolidate and amend the Law relating to the Income tax** :—The Bill was considered very carefully by the Committee and it was eventually decided to send a reply of which the following is a substance in brief :—That if the principle of submitting the returns is to be maintained, option should be given to the Collector to call for returns and that in any case merchants should not be compelled to send them in, till atleast 12 months have elapsed after the close of the individual year. (2) That since merchants abhor prosecutions before Magistrates the 38th Section may be deleted. (3) That in Joint Hindu families income may be assessed as in the case of individuals, and on the amount on which each individual would be liable to pay but not on the basis of partnership firms (4) That in those cases in which the individual partner may have made any loss in the transaction which may be outside the firm, he should be held entitled to a refund of the income-taxes paid by him.

10. **Visit of H. M.'s Secretary of State for India** :—The Committee decided upon presenting an address to the Right Hon'ble Mr. E. S. Montagu, H. M.'s Secretary of State for India on the occasion of his visit on the high mission of personally inquiring into the necessity of inaugurating far reaching reforms in India. The deputation of eleven was received at the Government House on the 26th December 1917 and the second deputation consisting of three had a private interview. The address that was presented chiefly dwelt upon the following points among others :—

(1). India's interests should not only be represented but also adequately safeguarded in the councils or Con-

ferences of the Empire; (2) That India should have free hand in the determination of her own policy; (3) That the Government of India should have complete fiscal autonomy; (4) That the privilege of electing representatives in the supreme as well as provincial Legislative Councils should be conceded also to the Indian Commercial and Industrial communities in proportion to their vast and varied interests which far exceed the interests and stake of the European community. (5) That a special portfolio should be created for Railways and Irrigation and a Department of Industries be established in each province; and (6) That the problem of financial stringency would be removed to some extent if a policy be adopted whereby the Gold Standard Reserve would be to a certain judicious extent located in this country and utilized cautiously in advances to Presidency Banks and otherwise made available for Industrial purposes.

11. **Indian Cotton Committee** :—The Indian Cotton Committee invited a representative of this Chamber to give evidence and also to submit in writing answers to the questions suggested by the Committee. Sir Vithaldas D. Thakersey Kt. Chairman, and Mr. Mathuradas Vasanji Khimji were nominated by the Committee and they attended the session in person and gave oral evidence also. The answers given to the printed questions of the Committee were mainly directed to the consideration of means for (1) a better and wider supply of long staple Cotton and (2) the prevention of fraudulent mixing and dumping of the same.

12. **Indian Industrial Commission** :—The Secretary, Indian Industrial Commission, invited the opinion of

this Chamber on the subject of Housing accommodation for labouring classes, in respect of which the liabilities of employers were, prominently brought forth. The Committee considered the letter and replied : purporting to state that sections of the City of Bombay Improvement Trust Act relating to the Housing Scheme for labourers in Bombay provide all the facilities contemplated in the said letter, and further that in case Government own the land required they should lease to the industries for housing purposes at a nominal rate or in any case at a rate lower than the market one and lastly that transport facilities should be encouraged.

13. **Janmashtami Holiday :**—This year the Krishna Jayanti falls on the 29th August, 1918 and the holidays published as Gazetted ones include this as falling on the 28th August, 1918. Rohini Nakshatra sways over the dawn of the 29th and consequently the Committee considered the matter and recommended the 29th as the proper day for the observance of the Holiday. Subsequently Government were pleased to reply that they would consider our representation while fixing this holiday in future years.

14. **Interview with the Hon'ble Mr. Cadell :**—As desired by him in his letter of the 1st February 1918, a meeting with the Committee for discussing the action which was necessary to regulate prices was arranged for; and some important points were discussed. The Hon'ble Mr. Cadell invited the views of this Chamber on the two points. (1) No persons outside the Cotton trade should be allowed to deal in either ready or forward Cotton, and second-

ly that the Exchanges should be called upon to fix the rates now prevailing as the highest maximum rate for the settlement of forward contracts. The Committee fully considered the letter and their reply was to the effect that they were agreeable to the first; and that with regard to the second point the prices of cotton had advanced owing to the strong statistical position of the cotton trade. Unless therefore Government were prepared to control Export, the prices of actual Cotton should not be controlled.

15. **Chamber's Contribution to the Sydenham College of Commerce** :—In response to a letter from the Secretary, Government of Bombay, the Committee sent over a Cheque of Rs. 1,000. the last contribution for the year 1918-19 towards the maintenance of the Sydenham College of Commerce and Economics Bombay, as per letter of this Chamber dated 28th November 1916.

16. **Government - Statistics** :—The Director-General of Statistics invited suggestions from the Chamber with regard to the question of additions to, or alterations in, the list of articles separately specified in the Sea-Borne Trade returns published by the said Department. The Committee considered the matter and decided to forward a reply to the effect that the suggestions made last year in connection with that matter by their letter dated the 19th March 1917, do not seem to have been adopted for practical effect, and to these suggestions the Committee still adhere.

17. **Control of Iron and Steel** :—The Indian Munitions Board considered it necessary to take immediate steps under the Defence of India (Consolidation)

Rules to control dealing in and to notify maximum prices in respect of Iron, Steel, Tin and Copper Plates and pipings etc. The Government of India having appointed a small committee in Calcutta to advise them in regard to that matter they invited the Chamber through the Government of Bombay, to nominate a member on the proposed Committe. The Committee was pleased to select Mr. Mulji Haridas as their representative to serve on the said Committee. Since then, it came to be notified that the 26th April 1918, was the day for the first meeting in Calcutta.

18. **Control of Cotton Cloth and Raw Cotton**:—Under the authority of the Government of India the Governor in Council having appointed the Hon'ble Mr. P. R. Cadell, C. I. E., I. C. S., to preside over the committee appointed by the Government of India, the Committee of this Chamber were invited to forward a statement of their views on the four main questions viz. (1) Whether or not it is possible to introduce a scale for Mills' charges for cotton cloths; (2) if such a scale is possible, on what basis it should be fixed; (3) whether in order to regulate the price of cotton cloth it is necessary to control the prices of or operations in raw cotton (4) if so in what manner the control should be applied? The Committee discussed this subject by appointing a representative Sub-Committee who submitted their report to the General Committee in which it was decided to forward the following view; (1) It would not be desirable to regulate the prices of home made cloth unless foreign imports were regulated, (2) In order to regulate the price of cotton cloth it would be necessary to regulate the price of cotton, (3) Unless Government were prepared to control export

of cotton the price of actual cotton should not be controlled. (4) It might be necessary to give licenses to the regular cotton trade with a proper safeguard; (5) Unless organised rationing of cotton were put into force the position of Cotton Trade would become critical with the consequential rise in the prices of piece goods.

19. **The 10th of Moharrum as an Additional Post Office Holiday for Mohammedans:**—The Government of India being pleased to favour the proposal to increase to seven the existing six Post Office Holidays, the Government of Bombay invited the opinion of this Chamber on the matter. The Committee saw no objection to the tenth day of Moharrum being added to the list as proposed.

20. **Goods Classification:**—The General Traffic Manager Madras, addressed a letter to the Chamber in continuation of his letter of the 1st December 1916, in which it was stated that with a view to obtain uniformity and simplification of Goods classification the Madras and Southern Maratta Railway have reduced from 1911 to date, the classification from a higher to a lower one for 381 articles, and at present only ten exceptions are left on the M. S. M. Railway but the General Traffic Manager desired to adopt the general classification completely without any exception. This Chamber's view being invited on the point it was communicated to the G. T. Manager that the Committee have no objection to his proposal being adopted.

21. **Circular to all Companies and the Holders of Government Auditors' Certificate:**—Messrs. Chandabhoy and Jessoobhoy submitted for the consideration of the Committee their representation on the

circular No. VI styled as above and issued by the Registrar of Companies, Government of Bombay; and requested them to make a representation to the said Officer regarding the inadvisability of carrying into effect the matter of the said circular. It was properly considered by the Committee who sent in a reply to the effect that the Circular would cause many inconveniences and that the Registrar would be pleased to see his way to rescind it provided the same were not amended by taking the word "person" to include a "firm" also.

22. **Control of Capital**—A copy of the Press Communique issued on the 22nd March 1916, on the administration of the Act to control the withdrawal of Capital from the money market by companies, was sent to the Chamber with a request to nominate a representative on the Advisory Committee in Bombay. The Committee thereupon nominated Sir Vithaldas D. Thakersey Kt. Chairman, as their representative.

23. **Second Interview with the Hon'ble Sir William Meyer**:—On the 5th April 1918, at 12-30 noon the committee met the Hon'ble member. The Chairman dealt in his speech with the subject on the Indian Companies Restriction Act at some length and observed that "Undue restriction might jeopardise the industrial expansion of the country in which both Government and the people were ready to co-operate; .....and that the industrial interests of India demand that the Government should considerably relax the conditions laid down by them." The other point touched upon was in respect of the restriction laid upon the export of pearls. Bombay is the chief centre for the distribution of pearls and large stocks are usually held in India. The importance of this

fact has been recognised by Government by removing the import duty which it was proposed to levy. This matter was recommended for favourable consideration. The Hon'ble Sir William Meyer met both the points by a reply to the following effect:—"The industrial development of India is an important matter but in this time of War stress, the needs of Government for funds necessary in connection with the War must take the first place and it is certain that Government cannot apply any rigid formula in judging individual cases on their own merits. As regards the matter of pearls the necessity of restricting exports other than War exports can be endorsed by all and in the second place if any trade is to be interfered with, in the interests of the financing of War products, it is the pearl trade which relates to what is absolutely a matter of luxury."

24. **The Hindu Limited Owners Bill:**—The Judicial Department, Government of Bombay, forwarded a copy of the Bill and invited the opinion of the Chamber on it. The Sub-Committee specially appointed for the purpose of considering it, decided to agree that the Bill might be passed in the Imperial Legislative Council.

25. **Indo-French Trade:**—The Government of Bombay invited the opinion of the Chamber on the Report of Indo-French Trade. The Committee considered the question in the light of similar reports and forwarded their reply to the effect that:—the percentage of Indo-French Trade to the total trade of India at present is not very large and that there are chances of increasing it in course of time. The Committee referred to the argument regarding essential facilities which they had advanced in the case of Indo-Russian Trade.

26. **State versus Company Management of Railways:**—The Railway Department, Government of India, reverting to the question of State and Company management of Indian Railways, referred to the broad issue on which the opinion of this Chamber was invited and to which a reply was forwarded in a letter dated the 1st December 1916, and put forth a third alternative as suggested to the Government of India from some quarters, *viz.*, neither to retain the existing system intact, nor to have recourse to State management, but to have an Indian Company with a Board of Directors in India. The Committee sent in their reply to state that they did not approve of the proposed third alternative which would not meet the objections raised in para 3 of their letter dated the 1st December, 1916.

27. **Amendment of Indian Railways Act:**—The Secretary, Railway Board invited the opinion of the Chamber on the suggestions for the Amendment of the Indian Railways Act 1890 (IX of 1890). The Sub-Committee appointed for the purpose of drafting a reply considered the resolution moved in the Imperial Legislative Council in this respect by the Hon. Mr. M. A. Jinnah as published in Part VI of the Gazette of India 6th October 1917. The Committee approved of the draft which can be summed up-thus (1) It is necessary to appoint at an early opportunity a Committee to inquire into the various matters regarding rates and others, but since the Government of India is considering the question it is not necessary to pronounce any opinion on various matters relating to it. (2) In section 47 Chapter VI of the said Act the following may be added after "Purposes"—"providedthey are previ-

ously referred for opinion to all Chambers of Commerce and other Commercial Bodies through the country." (3) Referring to Saction 63, Ch. VI the Committee suggested that some penalty might be provided in case of infringement in such a way that the operation of this Section might extend not only to the Act of compelling passengers to enter carriages already filled with a maximum number of passengers but also to the Act of voluntary entry effected by passengers themselves in spite of the Rule, with the connivance of Railway Officials. (4) The Committee have left untouched the highly technical part of the Indian Railways Act and they look forward to a more fitting opportunity for overhauling the provisions thereof.

28. **Adulteration of Indian Articles of Export:**—The Government of Bombay invited suggestions from the Chamber for (a) a remedy for the prevalent evil of adulteration of Indian articles of export; and also invited remarks of the Chamber (b) in connection with the proposal of licensing the transport of cotton waste by rail or sea. Regarding (a) the Committee communicated their opinion which was not in favour of any restriction or legislative measures by Government for the prevention of adulteration, in Indian produce before export. The trade has already taken definite effective steps in regard to tea, wheat, and jute, and the cotton question is still under the consideration of the Indian Cotton Committee. With regard to other articles the Committee hold that the buyer is capable of safeguarding his own interests and that any action taken by Government to control export is likely to open doors to complaints

regarding corruption. Adverting to (b) the Committee's reply was to the effect that with regard to the issue of licenses a committee of representatives of commercial bodies both European and Indian should be appointed to co-operate with the Director of Agriculture so as to safeguard the interests of commerce.

29. **Export of Cotton to Spain** :—The Collector of Customs intimated to the Chamber that Government have permitted export of cotton bales upto 60,000 to Spain during the current year.

30. **Resignation of the Hon'ble Sir Ibrahim Rahimtoola** :—Hon. Sir Ibrahim Rahimtoola having resigned his seat on the Committee as well as membership of the Chamber, the Committee were pleased to record their sense of appreciation of his valuable services for a long time and to decide to entertain him at an "At-Home" for which he was requested to fix up a convenient date.

31. **Claim on the shortage of packages in the Bills of Lading** .—The Indian National Association, Zanzibar requested this Chamber to move in the matter of reasonably increasing the maximum figure of claim of the value of any package found short which has been fixed at Rs. 250 only in the Bills of Lading of the B. I. S. N. & Co. Ltd., for their ships running between Bombay and East Africa. The matter in question however related to an individual company and as such it was one which could admit of a settlement with each other.

32. **Estimate of the Stock of Piece goods in Bombay** :—Government of Bombay desired the Chamber to furnish them an estimate of the stock in Bombay of country made and imported piecegoods with

certain specifications. The Committee replied that estimate of the total stocks of Bombay would depend upon the furnishing of figures by individual merchants in different places. Moreover, as a result of consulting merchants with a long experience of dealing in such figures in the markets of Bombay it is believed that nearly 1 to 1¼ lakhs of packages of foreign made piecegoods may be regarded as a rough estimate.

33. **Issue of Priority Passes**—In connection with the Press Note issued by Government regarding the issue of Priority Passes for goods carried on the Railway, the Committee requested the Government of Bombay to nominate a representative Committee from among the leading commercial bodies of Bombay to help the Officer in issuing passes.

34. **Second Indian War Loan:**—The Joint Hon. Secretaries Second Indian War Loan requested the help of this Chamber with regard to distribution of picture post cards etc. and the Committee did all they could to help the cause.

35. **Declaring a General Landing date by the Bombay Port Trust:**—The letter addressed to the Chamber for inviting their opinion by the Secretary, Bombay Port Trust purported to state that there was great congestion of import cargoes in the Transit Sheds owing to non-clearance; that there was great delay in the delivery and clearance owing to irregular and uncertain arrival of Shipping advices, bills of lading etc. and that as a tentative measure the system at Karachi of declaring a general landing date should be introduced in Bombay. Some concessions were offered in the case of free days to consignees. The Commitee consulted experts and

sat in deliberation; after which their reply was forwarded to the following effect:—the proposed measure would not prove equitable in its working in the case of importing merchants whose cargo might land after the declaration of landing date. Besides no case was substantially made out to warrant the proposed change in the existing system which had all along continued to work smoothly and equitably. Moreover, there was no reason why importers should be penalised for congestion in the transit sheds of the Docks. The working of the proposed measure would mean that the interests of the importers would remain unprotected in view of the fact that they would be left to the mercy of the Dock Manager and other subordinate officers in every point of clearance of the cargo landed under the proposed system.

36. **Charging of fees by Survey Officers:**—The Collector of Customs consulted the Committee and asked their opinion in regard to charging of fees by officers of Customs for their services for survey. It was stated in the Collector's letter that surveys were not held at all or they were postponed to a further date so that in one month 25% of the applications were not acted on. The Committee arranged to make all the bearings of the question clear after which they replied that no fees were charged up to now for the attendance of the Customs officers at the time of survey. The Customs officer is always required to be present for watching the articles of import and their condition so that charging fees for his presence would be a heavy penalty to be paid by importing merchants as much as it is meant to protect the interests of Customs.

Besides, if surveys were not held within a certain time it was not to the advantage of importing merchants to put off the operation of survey. To this reply the Collector rejoined by stating that the rule referred to was designed to save waste of time by importers applying for an officer to be present at a survey and their not attending, and that he was prepared to reconsider it if in practice it worked harshly.

37. **War Notes and Notifications:**—From the commencement of the War Government have been pleased to keep your Committee in touch with all the important changes and modifications effected in the existing procedure regarding departments connected with trade and commerce. Important announcements, regarding imports and exports, telegrams, shipping etc., have been forwarded to your Committee as soon as possible for information of the Members of the Chamber. These have been regularly circulated through their Journal and also through special extra circulars. Your Committee beg to express their thanks to the Government for this courtesy.

38. **The Journal:**—The Journal of this Chamber is making a continually steady progress and acquiring greater popularity.

39. **Membership of the Chamber:**—There was an increase of 25 members in the membership of the Chamber and 3 ceased to be members bringing at the close of the year the total to 284.

40. **Balance-Sheet:**—The Balance-Sheet of the Chamber audited by the Honorary Auditor, Mr. Devidas Vithaldas is appended herewith.

THE INDIAN MERCHANTS' CHAMBER AND BUREAU

Income and Expenditure Account for the year ended 31st August 1918.

EXPENSES.	Amount. Rs.	as.	ps.	Amount. Rs.	as.	ps.
To Office Establishment, Rent, Insurance, etc.	4,852	12	4			
„ *Postage and Telegrams*	242	5	6			
„ Miscellaneous Expenses	447	5	9			
„ Subscriptions to the various books, journals and Magazines ...	619	11	7			
„ Printing Chamber's Reports representation etc.	1,293	13	0			
„ Printing Chamber's Journal	2,915	8	0			
„ Donation to College of Commerce	1,000	0	0			
„ Commission on Advertisements	344	0	7			
„ Stationery	208	0	0			
„ Carriage hire	37	5	0			
„ Furniture	7	3	0			
„ Commercial Inquiry	5	11	0			
„ Advertisement of the Journal	15	0	0			
„ Address to His Majesty's Secretay of State for India	54	0	0	12,042	11	9
„ Balance Carried Forward 4% Port Trust bonds at cost	2,025	0	0			
„ Cash at the Bank of India Ltd.	2,609	14	2			
„ Cash on hand	172	1	4	4,806	15	6
	Total Rs....			16 849	11	3

I have examined the above account of Income and Expenditure with books and vouchers of the Indian Merchants' Chamber and Bureau, and certify the same to be correct.

Bombay, 2nd September 1917.

DEVIDAS VITHALDAS,
Auditor.

THE INDIAN MERCHANTS' CHAMBER AND BUREAU.

Income and Expenditure Account for the year ended 31st August 1918.

INCOME.	Amount. Rs. as. ps.	Amount. Rs. as. ps.
By balace brought forward		3,642 2 10
„ **Admission Fees.**		
25 new members at Rs 50 each	1,250 0 0	1,250 0 0
„ **Membership Subscriptions.**		
270 Town members at Rs. 30 each	8,100 0 0	
„ 5 Associations at Rs 100 each	500 0 0	
„ 10 Up country members at Rs. 5 each	50 0 0	
Total Rupees.	8,650 0 0	
Less. Subscription Outstanding	225 0 0	
Less. Subscription paid to the Associated Indian Chamber of Commerce	100 0 0	8,325 0 0
Outstanding membership subscription realised		35 0 0
„ Subscription to the Journal		736 2 6
„ Advertisements		1,656 14 2
„ Interest on Port Trust bonds and Current Accounts		127 3 9
„ Sale of old Magazines		27 4 0
„ At Home Loan Account		1,050 0 0
Total,		Rs. 16,849 11 3

S. S. MEHTA,
Secretary.

VITHALDAS D. THAKERSEY,
Chairman.

APPENDIX 1.

List of Magazines & Papers received by the Chamber during the year under Report.

Weekly Issues.

1. The Bombay Government Gazette.
2. The Gazette of India.
3. The Gazette of India. (extra ordinary.)
4. The Board of Trade Journal.
5. The Investor's Review.
6. The Indian Trade Journal.
7. The Capital.
8. The Statist.
9. The Economist.
10. Commerce.
11. Commerce and Finance.
12. New Statesman.

Monthly Issues.

13. London Chamber of Commerce Magazine.
14. Manchester " " "
15. Birmingham " " "
16. Liverpool " " "
17. International Review of the science & practice of agriculture.
18. International crop report & agricultural statistics.
19. Bulletin of agricultural intelligence.
20. Cotton Spinning & Weaving returns in Indian Mills.
21. Sea Borne Trade.
22. Trade by Land.
23. The Mysore Economic Journal.
24. The Modern Review.
25. System.

26. The Banker's Magazine.

27. The American Review of Reviews.

Quarterly Issues.

28. The Indian Journal of Economics.

29. The Times History of the World. (in fortnightly parts.)

APPENDIX 2.

All Government publications are supplied free to the Chamber.

APPENDIX 3.

EXCHANGE VALUE.

4th October, 1917.

From

The Secretary,

The Indian Merchants' Chamber & Bureau,

Bombay.

To

The Member of Council,

Finance Department,

Government of India, Simla.

Sir,

I have the honour to submit herewith the representation of my Committee on the subject of Exchange.

I have the honour to be,

Sir,

Your most obedient servant,

S. S. Mehta,

Secretary.

I am directed by my Committee to place before you their views on the recent announcement raising the Exchange value of the rupee to 1s. 5d. My Committee are aware of the various difficulties which the Government have to face and of the paramount need of winning the war. But they feel it their duty to convey to the Government the feeling of uneasiness and alarm with which the Indian Commercial Community have viewed some of the recent financial expedients. The inconsistency with the declared policy of Government in the past and the apparently unsettled drift, so far as the future is concerned have not been reassuring.

The raising of the rate of Exchange forces the inference upon us that the whole set of declarations of currency policy and the sacrifice of Indian Commercial interests in the past are all reduced to a nullity.

The determination of the Government to maintain the Exchange at 1s. 4d. may be gleaned from any number of official resolutions and speeches, and even the Chamberlain Commission in para 21 of the report commenting on Act 22 of 1899 expressly call it statutory means of preventing a rupee from rising above 1s. 4d. Further in para 52 of the same report the Commission observe that one of the lessons the crisis of 1907/8 taught was the desirability of formulating in advance and giving publicity to the policy which was intended to be pursued in the crisis, and that it was important that the general public should have confidence in the determination of the Government effectively to use the resources to maintain the rupee at 1s. 4d. From all this, it is evident that the value of the rupee was intended to remain always at 1s. 4d.

In the face of this extraordinary change of Government policy, the Indian Commercial public cannot but view with apprehension the future in currency matters in India. The declared opinions of experts, the unanimous recommendation of commercial bodies and a series of very costly expedients for the maintenance of Exchange at 1s 4d. have all been thrown to the wind for reasons which do not appear satisfactory and conclusive to my Committee. It has been argued that the Government could not continue the coinage of silver on account of the price having gone up without a serious loss. It was, however, generally understood by the public in this country that the gold standard reserve fund was to be used to the extent of the last available sovereign for the maintenance of Exchange at 1s. 4d. that is to say from preventing it from falling or rising beyond that point. This impression was strengthened by the authorit-

ative finding of the Chamberlain Commission who emphasised in para 30 of their report that one of the important functions of the reserve was to prevent a possibility of the Exchange value of the rupee rising beyond 1s. 4d. owing to a failure in the supply of silver rupees. At the price at which the Government have been purchasing silver during the last year, the possible loss on silver coinage could not have been considerable. The average coinage of rupees per year for the quinquennium 1910/11 to 1914/15 was 15 crores. Taking it even at the highest figure for one year, namely 24 crores, the loss on coinage would have been only about 5 crores, even if the price of silver were 52½d. But the average purchase price of the Government of India has been very much lower than this, and my Committee do not understand why the Government of India should have decided to cause unnecessary alarm and apprehension amongst the public in order to save such a small sum from a fund whose main object is to be utilised for this purpose, and which stands to-day at the magnificent figure of 50 crores. My Committee are of opinion that the raising of the Exchange value of the rupee is not conducive to the best interest of the people of this country. India is a creditor country since the war in the sense that she has exported large and valuable amount of raw material, ammunitions & etc. Even normally our exports are bigger than our imports and the undue advantage which a high Exchange confers upon importers at the expense of exporters would hit very hard those people that are engaged in realising the best value for India's raw produce. The export interest has already suffered on account of the restriction on sale of Council Bills and this measure of the Government of India is bound to render their position still worse. There is not likely on the other hand to be any real gain to the consumers at large, because the imports in this country are very seriously restricted for well known reasons. It would thus mean the penalising of all producers in this country without any corresponding advantage to any body.

Even the revenues of the State are bound to be affected because, while artificial stimulus to import will not yield any increase in the customs revenue, the agricultural interests in the country, who pay the land revenue, are bound to suffer. A further undesirable feature of the Exchange policy of the Government would be to embarrass the textile industry of this country by giving a 6% subsidy to the foreign manufacturers.

From every practical consideration, therefore, my Committee with many regrets reach the conclusion that the Exchange policy of the Government will not be beneficial to Indian commercial interests.

At the same time, my Committee are reluctant to raise controversial issues and make the position of the Government more difficult than it is. All the criticism offered above is offered with the greatest reluctance, and the object of it is not to discredit the policy of the Government but to induce the Government to make up their mind from this moment onwards to formulate and to declare a definite currency policy for the future. My Committee wish to urge on the Government with all the emphasis that they can, the need of this action in order to allay the fears and apprehensions in the minds of the public and restore the confidence which unfortunately is shaken, in the intentions of the Government in regard to the currency of this country.

As a subsidiary measure to enable the Government to carry out the above policy, my Committee direct me to refer to the proposed issue of rupee 1 and rupees 2/8/-notes. When consulted by the Government, my Committee had considered such an issue not advisable during the war, but now that the Government have decided upon it, they recognise that there would be a necessary economy in silver currency; and the available resources for putting the whole currency situation in India in order would be largely increased. The Government may attempt to interest large employers and thus to make such a note issue

popular as other Governments had done in Singapore and Japan years ago, and as America has done recently in Panana.

We venture to throw out a further suggestion leading to the same goal, viz., that the Government should try and encourage the possession of sterling securities by the public in India. Similar suggestion has been embodied in para 81 of the Report of the Chamberlain Commission. It is well known that the Imperial Government in England mobilised American securities which were held in the United Kingdom and used them for steadying the American Exchange under conditions not dissimilar from those in which the Indian rupee Exchange stands at present. There are large holdings in England of the securities of public utility companies, such as. Tramways, Gasworks, Railways, Jute Mills, Tea companies, Wines plantations, Oil fields & etc. A bold scheme by the Government of India working through the Home Government for the mobilisation and even the sale of these in this country would ease the Exchange very largely and reduce the balance of Trade in favour of India as money invested on those mill prove quite attractive to the public in India, while the money that would be thus available in England may find its way into the coffers of the treasury through war loans. This would also provide a permanent reserve to support Exchange, should the tide turn against us, a reserve that would work automatically through banks and the business community long before the tardy action of the States comes into view through Red Rape.

Further assistance towards the currency situation may be had from the establishment of additional banking facilities in the mofussil. It has been argued by this Chamber for a long time that the Presidency Banks holding large public funds practically free of charge are not making sufficient return by way of service to the country. Should the Government make it obligatory on them to open a certain number of branches in every district, or should they create, through a department

like the Post Office, centres for collecting deposits in the districts, they may train up the agricultural population of this country to learn the advantage of banking their funds and in this manner they may increase the efficiency of a large mass of currency which is being imperfectly utilised at present and which has earned an ugly title of "Hoards."

My Committee are also very strongly in favour of the issue of Indian Treasury Bills for 3, 6, and 9 months in India. There is a large section of the Commercial Community here who would invest in these with a view to keep their assets in as liquid a form as is consistent with safety, earning at the same time a reasonable rate of interest. These, if made transferable, may circulate to a certain extent in the large commercial centres and would serve the functions of currency more effectively than any other measure that the Government can devise at the moment. The incidental advantage of making large funds available for the use of the Government is also not to be ignored in the present critical war situation.

The expedients suggested above are not to meet the situation which has arisen at the moment. But the Chamber feels that the time is come when the Government should recognise the strength of feeling on the question of a proper gold standard with a gold currency for this country. We need to break off our currency altogether and once for all from the fluctuations of the silver market.

The merchant community of this country suggests that a bold policy, if required, should be undertaken instead of perpetual tinkering. In order to reach this goal it may be necessary to take some of the steps mentioned below, which are mentioned not in order to restrict the line of action open to the Government but rather to enable them to evolve in connection with practical difficulties some definite solution in the direction:—

(1) Rupees should be made convertible into gold and reduced if necessary, to the position of tokens for internal circulation only.

(2) Facilities should be given on a more permanent basis for the minting of gold in this country and instead of leaving the amount of gold so coined to the uncertain action by the public, measures should be adopted for a reasonable amount of gold coins being turned out and put in to circulation every year on Government account.

(3) Notwithstanding the difficulties for securing gold, a favourable balance such as India has got at the moment and such as she is likely to maintain, must enable this country to secure on favourable terms such quantity of gold from all quarters of the world as are available. Instead of leaving it to the Exchange Banks, the Government should arrange for the importation of a certain quantity of gold as far as possible.

(4) The Government, should they not be in a position to declare the rupee convertible into gold immediately, should at least try to make the notes payable in gold. When the Government of India are in a position to give a statutory undertaking for the convertibility of rupee into gold, this provision would ipso-facto be superfluous.

(5) A State Bank should be started with wide financial powers to enable them to render suitable assistance for the carrying out of the above policy; in particular, they should have the management of our note issue, such note issue to be backed by gold and gold alone in the reserves which they would keep against it.

In conclusion I am directed to point out that it is not the desire of my Committee to dogmatise in these matters but while giving such suggestions as they could make, it is their earnest hope that the Government of India will see its way to formulate and declare a definite policy with reference to the future, which will re-establish popular faith in the good intentions, the firmness and ability of the Government to solve this problem.

APPENDIX 4.

Trade Commissioners Service
No. 11489.
GOVERNMENT OF INDIA.

Department of Commerce and Industry.

Simla, the 24th September 1917.

From,

G. S. HARDY, Esquire, I. C. S,
Under Secretary to the Government of India.

To

The Secretary,
Indian Merchants' Chamber and Bureau.

SIR,

I am directed to forward copy of a despatch from His Majesty's Secretary of State for India No. 56 (Rev). dated the 3rd August 1917, and enclosures regarding the extension of the Trade Cammissioner Service within the Empire and the utilisation of Trade Commissioners by the Dominions and India.

2. I am to request that the Government of India may be favoured, with as little delay as possible, with the opinion of your Chamber on the question whether it is desirable that India should be represented by the Trade Commissioners and if so in what parts of the Empire. This information is required urgently, but I am to add that the Government of India would be glad to receive any suggestions which your Chamber may wish to make subsequently and at their leisure as to the working of the general instructions which the Board of Trade propose to issue to the Commissioner.

I have the honour to be,
Sir,
Your most obedient servant,
G. S. HARDY,
Under Secretary to the Government of India.

REVENUE No. 56. INDIA OFFICE, LONDON. DUPLICATE. 3rd August 1917.

To,

His Excellency the Right Honourable the Governor General of India in Council.

My Lord,

I forward for consideration by Your Excellency's Government, copy of a letter dated the 30th June from the Comptroller-General of the Commercial Intelligence Department of the Board of Trade, and of its enclosure regarding the extension of the Trade Commissioner Service, within the Empire and the utilisation of Trade Commissioners by the Dominions and India.

2. I request to be informed by telegraph whether you desire to avail yourself of the services of His Majesty's Trade Commissioners in any part of the Empire.

I have the honour to be,
My Lord,
Your Lordship's most obedient humble Servant,
(Sd). E. S. MONTAGU.

ENCLOSURE 1 to India Revenue Despatch No. 56, dated 3rd August 1917.

D. C. 1, 22611/17. BOARD OF TRADE,
Department of Commercial Intelligence.
73 Basinghall Street,
London, E. C. 2.
30th June 1917.

Sir,

I am directed by the Board of Trade to advert to the resolution which was adopted at the meeting of the Imperial War Conference of April 4th, 1917, regarding the Trade Commissioner service, and I am to forward to you a copy of a Memorandum which has been prepared in regard thereto for the information

of the Governments of the Dominions and of the Government of India, should they desire to avail themselves of the services of H. M. Trade Commissioners stationed in various parts of the British Empire.

I am to suggest, should Mr. Secretary Chamberlain see no objection, that a copy of the Memorandum should be forwarded to the Government of India with a request that they will inform H M. Government whether they propose to utilise the services of H. M. Trade Commissioners, and if so, in what part of the Empire, in order that the necessary instructions may be conveyed to the Officers concerned.

I am to add that a copy of the Memorandum has also been forwarded to the Colonial Office for the consideration of the Dominion Governments.

I have, etc.,
(Sd). N. H. Clark,
Comptroller-General.

The Under Secretary of State,
India Office,
St. James's Park,
S. W. 1.

ANNEX 1.

To Enclosure 1.

MEMORANDUM

on the Utilisation of H. M. Trade Commissioner Service by the Self Governing Dominions and by the Government of India.

At the meeting of the Imperial War Conference on the 4th April 1917, the Conference was informed that H. M. Government would be glad to discuss with the Governments of any of the Dominions who might desire to use H. M. Trade Commissioner Service, the best means by which a system of further co-operation could be instituted, with a view to making

the extended service of Trade Commissioners as useful as possible to the Empire as a whole. The following resolution was subsequently adopted :—

> "That the Imperial War Conference welcomes the proposed increase of the Board of Trade Service of Trade Commissioners, and its extension throughout the British Empire, in accordance with the recommendation of the Dominions Royal Commission, and recommends that the Governments concerned should co-operate so as to make that service as useful as possible to the Empire as a whole especially for the promotion of Inter-Imperial Trade."

2. At present there are four Commissioners, one for Canada and Newfoundland at Montreal, one for Australia at Melbourne, with a sub-office at Sydney; one for New Zealand at Wellington, and one for South Africa at Cape Town. A scheme has been prepared for the extension of the existing service, so as to provide for the appointment of some 16 Trade Commissioners in the Self-Governing Dominions and in other parts of the Empire. The general outline of the scheme has received the approval of the Imperial Government but the allocation of the new service throughout the Empire has not yet been definitely decided upon, and it may be some little time before the new scheme is operative in its entirety.

3. As at present proposed, Trade Commissioners are to be stationed at the following centres in various parts of the British Empire:—

Country	Head-quarters of Trade Commissioner.
Canada	Montreal, Toronto, Winnipeg and Vancouver. X.
Australia	Melbourne and Sydney.
New Zealand	Wellington.
South Africa	Cape Town and Johannesburg.
India	Calcutta and possibly Bombay.

(X The Trade Commissioner at Montreal will also be responsible for Newfoundland.)

4. As regards the other parts of the Empire, there will probably be Trade Commissioners for the East Indies, Straits Settlements and Ceylon, and probably in Egypt and in some other area in Africa, in addition to an unattached official who will have his headquarters at the Board of Trade in London and will be available for special missions.

5. Primarily the Trade Commissioners are appointed to foster the trade of the United Kingdom in the respective spheres of their operation, and they have not hitherto been specifically charged with the duty of watching over the trade interests of other parts of the Empire, though they have been instructed to reply to enquiries from firms in other British Dominions and Possessions. H. M. Government, however, are now prepared as stated at the Conference, to arrange, if desired in any case, that their Trade Commissioners should also be charged with assistance to the Trade of any of the Self-Governing Dominions or of India. Should any of the Governments of the Dominions or the Government of India wish to utilise the services of the Trade Commissioners in other parts of the British Empire where any such Government may not for

the time being be represented by Trade Commissioners under their own control, the Board of Trade will cause instructions under the following general heads to be given to the Commissioners concerned :—

(1) To reply to commercial enquiries, which may be addressed to them by traders or Government Departments in the Dominion represented, or in India, and to suggest suitable local agents for manufacturers or producers of that Dominion or of India.

(2) To notify the Dominion Government or the Government of India of changes in the customs tariffs or other regulations affecting its trade.

(3) To report any openings for trade, or contracts open to tender, which might interest producers or manufacturers in the Dominion represented or in India.

(4) To maintain an exhibition of the produce and manufactures of the Dominion or of India (if this is desired.)

(5) To circulate and distribute in the districts where they are stationed, official literature relating to the trade, agriculture and manufacture of the Dominion represented or of India, and

(6) Generally to watch over the trade interests of the Dominion, or of India, in the country in question.

6. The Governments concerned should inform H. M. Government if they wish to be represented by H. M. Trade Commissioners in any, and, if so, in which of the areas in which these officers will be stationed; and they should supply the Trade Commissioners in such areas with such information (blue books, agricultural reports, trade newspapers, lists of ex-

porters, directories, etc.) as they consider will facilitate the work of the Commissioners in acting on their behalf. They should also state with what Departments of their own Governments the Trade Commissioners should communicate. H. M. Government do not propose for the present that the Dominion and other Governments utilising the Trade Commissioners should be asked to contribute to the cost of the service. If in the future it should be found that the additional work placed upon the Trade Commissioners developes to an extent which would involve a considerable increase in expenditure, the question of contribution could be reconsidered.

TRUE COPY.

U. GALLAUSE,

Superintendent,

Department of Commerce and Industry.

Bombay, 3rd October 1917.

(Telegram.)

To

G. H. HARDY Esq., I. C. S.

Under Secretary Government of India,

SIMLA.

Your letter No. 11489 dated 24th September 1917 received. My Committee cordially approve the suggestions to utilise services of British Trade Commissioners in all parts of British Empire. They however are of opinion that early steps should

be taken to appoint Trade Commissioners at important centres in the Empire to specially encourage Indian Trade interests. These Commissioners should be nonofficials and Indians as far as possible.

S. S. Mehta,
Secretary,
The Indian Merchants' Chamber and Bureau.

31st October 1917.

From
The Secretary,
The Indian Merchants' Chamber & Bureau,
BOMBAY.

To
G. H. Hardy, Esquire, I. C. S.,
Under Secretary to the Government of India,
SIMLA.

Sir,

I am directed to acknowledge the receipt of a copy of the despatch from his Majesty's Secretary of State for India No. 56 dated the 3rd August 1917 and enclosures regarding the extension of the Trade Commissioners' Service within the Empire and the utilization of Trade Commissioners by the dominions of India, by your letter No. 11489 dated the 24th September 1917. My Committee has already sent a wire to you on the 3rd October 1917, a copy of which has been attached hereto.

2. My Committee cordially approve the suggestions to utilise the services of British Trade Commissioners in all the parts of the British Empire. However they are of opinion that early steps should be taken to appoint Trade Commissioners in important centres in the Empire in order to specially encourage Indian Trade interests. My Committee further suggest that these Commissioners should be **Non-official** and **Indian** as far as possible.

3. My Committee will be glad to make further suggestions later on with regard to the working of the general instructions which the Board of Trade propose to issue to the Commissioners. My Committee has noted that there are 4 Trade Commissioners at present, one for Canada and New Foundland, one for Australia, and one for New Zealand, and one for South Africa, and that a scheme has been prepared for extending the existing services, so as to provide for the appointment of "16" Trade Commissioners in the self—governing dominions and other parts of the Empire. My Committee deem it proper, to emphasise once more upon the point of appointing non-official and Indian Trade Commissioners at least so far as **Important** centres in the Empire are concerned.

4. It is a patent fact the economic conditions of all the markets of the world after the war will undergo palpable changes and will surely increase the edge of competition in foreign markets. Such a situation will no doubt involve a great increase of efforts to be made by individuals and associations which are concerned in the Commerce and Industry of the Empire. The Consular service, as a consequence, shall have to be changed radically and the duties as well as the scope and extent of work of the various departments shall have to undergo many alterations.

5. In view of these facts, it is of the most vital importance that the Consular branch should be in the closest possible touch with the industrial and commercial community, and to attain that object, my Committee believes that a Non-official Indian of the commercial community will be the most suitable person.

6. My Committee hope and trust that trade Commissioners service might be so organised and managed that it should keep itself in close touch with the representatives abroad and with the press at Home, furnishing at the same time to the commer-

cial community and the public, weekly or oftner, a mass of information so as to give a fair working acquaintance with the topography, trade and products of nearly every country in the world.

I have the honour to be,

Sir.

Your most obedient servant,

S. S. MEHTA,

Secretary.

APPENDIX No. 5

Visit of and interview with Hon'ble Sir William Meyer. Speech of Sir Vithaldas D. Thakersey.

On behalf of the Indian Merchants' Chamber & Bureau I have the pleasure to welcome you here today. We are thankful for the opportunity you have given us by your presence here to discuss some of the most important matters that concern the trading community at the present moment. The first subject relates to the raising of exchange by Government to 1s. 5d. As this Chamber has already sent to you a representation which deals fully with the whole question it is unnecessary for me to take up your time by going over the same ground again. I will therefore confine myself to the general aspect of this measure. This Chamber realises that the present is an abnormal situation created by the War and the difficulties of Government in meeting it. At the same time we feel that the Government's departure from the policy of maintaining the exchange at 1s. 4d. was not warranted by the circumstances. Apart from the loss which the raising of exchange is sure to entail on the producers of the country-mainly the poor-as fully explained in this Chamber's represen-

tation, the very fact that the Government have not deemed it necessary to use all its resources for the maintenance of exchange has actually created a feeling of uneasiness and alarm amongst the commercial community. Moreover the uncertainty of what the future as to exchange may be is not at all reassuring.

I have said that the Chamber feels that the raising of exchange is unwarranted by the circumstances. We have no knowledge as to the prices at which Government purchased silver most recently; but granting that they would have had to pay somewhere between 50 to 52 pence per oz., and assuming that during the next year the new coinage of rupees would amount to 24 crores, the highest figure coined in any one of the previous five years, the loss would have been about 5 crores, but the average purchase price of the Government of India must have been for the year very much lower than this. In fact, the price of silver today is lower than the basis of 1s /4d. and therefore the loss to Government in all probability would have worked out to much less than 5 crores estimated above. The Government have announced that they cannot afford to sell rupees at less than cost. For the sake of maintaining the stability of exchange as the determined policy of Government, my Chamber believes that a comparatively small loss should have been paid from the Gold Standard Reserve, which was created with the avowed purpose of maintaining the exchange. Moreover, the amount at stake was a small one as compared to about 9 million pounds that were paid in gold in 1907-8 to maintain exchange at 1s./4d. when the amount in the Gold Standard Reserve was nothing like the present. This year the Gold Standard Reserve amounts to about 50 crores and even assuming the figure of 5 crores as the probable loss in the year which would have amounted only to one-tenth of our reserve, a bold policy of utilising the Gold Standard Reserve for its right purpose would not only have prevented, at a critical time, the undoing of our exchange policy

which had been determined after many years of investigation and experience but at the same time with the present fall in the price of silver it would not have been necessary to use the Gold Standard Reserve to any large extent.

We have however to consider the position as it is today. This Chamber urges upon you the urgent necessity of declaring the policy of Government as regards Exchange as this uncertainty does a great deal of harm. We also urge upon you the advisability of the lowering of exchange to 1s./4d., at the earliest possible date, in order to prevent harm being done to the Indian producers and manufacturers as explained in the Chamber's representation.

The Chamber in its representation has made further suggestions regarding encouraging the holding of sterling securities in India and the establishment of additional Banking facilities in the mofussil, and other minor suggestions to all of which I have no doubt you will give full consideration.

One of the suggestions made by this Chamber was the issue of Indian Treasury Bills for 3, 6 and 9 months. We are glad to see that the Government have issued such Treasury Bills and we have no doubt that they will be popular; the popularity of these Bills would have been considerably greater if Government had issued three monthly Bills also as thereby a large number of people could have utilised this source of investment. In this connection, the Chamber will be glad to know what progress has been made in the coinage of sovereigns, the announcement about which was made a short time ago.

The next point this Chamber wishes to draw your attention to is the policy of levying Super Tax on the profits of industrial concerns. At the last interview with you this Chamber expressed the fear that such a levy may induce a larger distribution of profits to the detriment of the permanent stability of industrial concerns and at that time you were good

enough to reply "If we should find by actual experience, though I don't anticipate that this will be the case, that the method of taxation gives an undesirable stimulus to the distribution of profits to share-holders, which might be better placed in reserve, we should be ready to consider the matter later on." By this time you must have noticed that that fear has come to be true. Had the Super Tax been confined to individuals receiving profits as is the case in England the position of the industrial concerns in India today would have been much stronger than what it is.

You are aware, Sir, that this year the Companies have made good profits and, in the ordinary circumstances, a very large amount would have been taken to the Equalization of the Dividend fund or to the Reserve funds for strengthening the position of Companies and the Share-holders would have accepted such disposal of profits on the strength of the argument that the amount with held by the Directors in good years would be paid back to them in bad years, in the case when the equalisation fund is strengthened or in the shape of larger profits when the Companies' position is strengthened by Reserve funds; but now they naturally argue that 25 per cent of the undistributed amount would be permanently lost to the share-holders and that therefore the available profits should be distributed in good years and lower dividend in bad years. It cannot be denied that this argument carries great weight. We have been told that this is a very short-sighted policy and that the strengthening of the Companies' position is a paramount duty. It is quite true : but we must take human nature as it is; and if any tax is levied it is the duty of Government to utilise such methods of taxation as would not discourage the strengthening of the Reserve funds. Moreover, it has to be borne in mind that the Indian cotton industry has to compete amongst others with the Japanese manufacturers. The large profits made by Japanese Companies this year have been greatly

used to the strengthening of their position. The effect of this would be that in any competition in the near future a strong Japanese Company would easily outbid the Indian Company which could not strengthen its position owing to the Super Tax. If the Super Tax is to remain in this present form this Chamber strongly urges the Government to increase the limit for the Reserve fund from 10 per cent. to a much higher figure.

While dwelling on this subject of Income Tax we may as well draw your attention to the grievance of the industial community in the way in which the question of depreciation of machinery and building is treated. We know that the whole question of Income Tax is at present before the Government of India and we have an assurance from you that the several anomalies in different Presidencies in the treatment of the question of depreciation would receive due consideration when the whole question is considered by the Government of India. It is however necessary to bring one point before you today as it is of an urgent character. The Government by their resolution No. 5284/17 have accepted the principle of allowing Companies, for Income tax purpose, to set aside in good years larger amount than 5 per cent. for depreciation of machinery to make up the deficiency of bad years, but only to the extent of taxed profits of previous years. My Chamber fails to see any reason why such a proviso should have been added as it is not the refund of tax already paid that the Companies demand. The grievance would not have been so great if all the previous years were taken into consideration for this purpose but the Income Tax Collector takes each year separately. For example, if a Company with machinery of Rs. 10 lacs makes no profit in 1916 and therefore has not been able to write off any amount for depreciation in that year, but has made a profit of Rs. 1½ lacs in 1917 and has written off Rs. 1 lac for depreciation viz, Rs. 50,000/- for 1917 at 5% and Rs. 50,000/- for deficiency of 1916 depreciation, the Income Tax Collector demands Income

tax on the extra Rs. 50,000/ written off, on his interpretation that in 1916 no Income tax was paid by the Company. Thus the proviso with the system of calculating each year separately nullifies the object Government had in view. Moreover the resolution treats of the question of depreciation of machinery only while it cannot be denied that depreciation of buildings in large factories is considerable. We hope you will see your way to remove this grievance at an early date as the present arrangement presses hard on the industrial community.

The last point to which my Chamber would like to draw your attention is the inconvenience still felt by passengers at Viramgam. As His Excellency the Viceroy has already announced that the Customs line would be abolished we shall be glad to know the date, exact or approximate, from which the announcement is to take effect.

Speech of the Hon. Sir William Meyer

Sir Vithaldas Thakersey and Gentlemen,

I am very glad to have the opportunity of meeting you again and exchanging views on matters of immediate interest to you. I may not always see eye to eye with some of you in regard to such matters, but personal discussion by putting each party in possession of the other's standpoint is a very material help.

Before dealing with the question of exchange, on which you addressed a letter to me before I left Simla, I will take the other matters mentioned by you.

First, as regards the allowance of 10% in respect of Super-Tax on the undistributed profits of industrial concerns, I would refer you in this connection to what I said last April to the Committee of the European Chamber. I then said "I cannot share your views that the assessment of undistributed profits to Super-Tax under the law as it now stands is likely to bring about undesirable allocation of profits to dividends. I credit

most of the companies, firms and banks which have such profits with more sense than that. I believe that they realise that, even allowing for the tax, it is in their own interests to allocate a portion of their reserves to the expansion of their business. If, however, actual experience should prove your forebodings to be justified, there would be a case for reconsideration of the matter. In such a case we must go by experience and not by pessimistic prophesying." I cannot accept your present contention that it is already evident that the system adopted in the last budget has led companies to distribute larger dividends instead of adding materially to their reserves. This may be the case in a few instances, but I have not yet received any valid evidence that it is so generally. Indeed I should think much more meanly than I do of the capacity and foresight of Indian Captains of industry were I to believe that they would adopt measures prejudicial to the future development of their industrial concerns in preference to paying Government a moderate amount of tax on undistributed capital. Anyhow, we have not sufficient data yet to enable us to come to any conclusion in the direction of modifying existing methods.

I take this opportunity of referring to criticisms I have had in private correspondence as to a statement in my Budget speech that the English-super-tax applied to companies and firms as apart from individuals. I frankly admit that this was a slip but the said slip does not affect the main reasons for which we imposed our super-tax on undistributed profits. We had to raise fresh money by taxation and one of the methods of doing this was to attack the incomes and profits of those best able to pay. As I said in my Budget Speech, we might have followed the Home precedent of putting on a large Excess Profits Tax, and while for reasons there explained we did not adopt this method, the object we had in view was as I said in para 61 of that speech " to secure an appreciable portion of the

excess profits that have lately accrued in connection with the war". Our Super-Tax, framed with this end in view, was a special extension of the income-tax under which, as in England, the profits of companies and firms are taxed just as much as those of individuals; and the strict logical course would have been to follow out this principle to tax all profits of companies however applied and then to allow refunds to individual share-holders whose total receipts did not bring them within the super-tax act. We did not, however, do this because the number of refunds would have been so large; and we consequently as explained in my speech introducing the Super-Tax Bill, resolved to go direct for individual share-holders, (in so far as they were liable), taxing the companies only in respect of undistributed profits. Finally, I made inportant concessions in select Committee in respect of the amount of undistributed profits which would be liable to taxation.

One, at any rate, of your most prominent millowners is still, I understand, complaining about the unfair departure, as he regards it, which we made from the English system. I hope this explanation will satisfy him and like critics; if not, I would ask them to remember that the English system which they invite me to follow involves an ordinary income-tax (to which companies are liable) reaching a maximum of 5s. in the pound as against our 1s. 3d. and an excess profits tax, which now runs up to 80 per cent. Let them remember, in short, that profits in India are much more lightly taxed than in other parts of the Empire.

You next bring up the question of depreciation allowance under the Income-tax Act, and you cite an instance to show that the present method adopted in Bombay, is unfair to firms or companies who, owing to proper returns in previous years, have not been able to set aside money for depreciation.

Well, we have already met these grievances in our new income-tex bill, which as I explained in the Legislative Council

at Simla, we shall introduce in the Delhi Session and which has just been published for previous information and criticism. It is proposed in the Bill to allow depreciation on buildings used for commercial purposes as well as on machinery and plant; and that a depreciation allowance shall be fixed by the Local Governments for different classes of buldings, machinery or palnt having regard to the estimated life thereof. The percentage so fixed will then be admitted year by year, provided the amount claimed has been debited in the ordinary accounts of the business. We add, to meet the case you cite of a concern not having been able to set aside any amount for depreciation in any year or years, that it may make up the balance later on subject to the proviso that the allowance in any one year shall not be more than twice the amount of the normal percentage admissible. The object of this is not to admit large arrears in lump but to distribute them over subsequent years.

You ask what progress has been made in regard to coinage of sovereigns in India. That is a matter on which we have been in correspondence with the Home authorities, one of the conditions laid down by the Treasury being that the Gold Mint should be under their control, in a separate building, and with a superior staff sent out from England. We are still discussing with them the design and accomodation of the new building, and we hope that matters will be settled before long, and that they will then be able to send us the requisite staff.

As regards the abolition of the Viramgaum customs line, this was a matter which required very full consideration and negotiations with the States concerned. The Government of India however, on the 27th September notified the Bombay Government that the line could now be abolished. Any further requests for information must be addressed to your Local Governments who are in the administrative control of the line.

I now turn to the question of exchange and the points raised in the letter you addressed to me on the 4th instant,

I am glad to have this opportunity of expressing my views to you and correcting certain misapprehensions which seem to have arisen in various quarters as a result of recent developments in connection with exchange.

You acknowledge the difficulties with which the Government of India are faced at the present time. These difficulties as is generally known, arise out of the impossibility of obtaining specie remittances in a volume at all adequate for settling India's trade balances owing to the present position in respect of the price and supplies of silver and to the necessity for conserving for war purposes the avilable supplies of gold. It has consequently been necessary for the Secretary of State to sell large amounts of Councils simply with the object of assisting trade, since the large disbursements made by the Government of India in this country on behalf of His Majesty's Government, which by themselves put a very heavy strain on their resources, are repaid to the Secretary of State in London and would place him in ample funds.

As regards the recent increase in the price of the Secretary of State's Council Bills, I can only repeat what I said in the Legislative Council on the 24th September in answer to a question by the Hon'ble Mr. Hogg viz. that the Secretary of State has authorised the Government of India to make the following statement with regard to the conditions by which he is being, and will for the present be, guided in fixing his Council rates. These rates are being, and will continue to be, based roughly on the price at which the Secretary of State is able to buy silver. He cannot be expected to sell rupees at appreciably less than their actual cost, but he intends to apply this principle with considerable latitude so as to avoid changes as far as possible.

It will thus be seen that the recent raising of the price of the Secretary of State's Council drawings has been brought about by abnormal increase in the price of silver, which is in

its turn a product of the special circumstances of this world-wide war. The measures adopted to meet these circumstances must not be considered as amounting in any way to abandonment of the policy of a fixed and stable change.

I desire to lay special emphasis on the fact that the Secretary of State has done his best to keep exchange stable. Practically every country in the world has experienced difficulties in connection with its foreign exchanges among the vicissitudes to which the war has given rise, and, in view of the difficulties in defraying the balance of international obligations by specie remittances, the exchange must ordinarily tend to rise materially in favour of countries like India which export more than import. The United Kingdom, for instance, has experienced this in regard to America, and countries like Spain and Holland. France and Italy have been faced with the same problem—I need not mention the extreme case of Russia. But I may remind you that in the case of France the present exchange as between Paris and London has only departed materially from the normal gold point, but it is also liable to indefinite fluctuations. Similarly and to a greater extent with Italian and certain other exchanges. If therefore, given the present circumstances, exchange as between India and London had been left to ordinary conditions—if, that is, the Secretary of State had sold his Council Bills by tender, it is indubitable that the rupee would have risen, in comparison with the sovereign to a much greater extent than it has yet done; but the Secretary of State kept exchange stable by selling the Council Bills at fixed rates which lately did not exceed 1s. 4⅛d. on immediate telegraphic transfers. The recent rise to 1s. 5d. for the latter represents therefore only three farthings in the rupee and is fully justified, as already stated, by the bullion price which silver had reached.

Now as regards the effect of this small increase on India's economic conditions. I desire, in the first place, to point out that

we must not confuse internal exchange with international. As regards the internal ratio between gold and silver, that is maintained at 15 rupees to the pound under section 11 of the Indian Coinage Act, III of 1906, and in fact, as is shown by the rates at which sovereigns are quoted in the bazzar, there has been no appreciation of the rupee as compared with the sovereign. This answers allegations which have been rather recklessly made in some quarters that alteration in the rate of external exchange affects the Indian producers as a whole or puts any heavier burden on the payers of Government revenue. Now, as regards the effect of external exchange if, in the first place, we take India as a single unit, the Government of India which represents the community, gains by having to pay less rupees for a given amount of sterling home charges; and as regards private transactions the only result is that India's debtors, who have to defray the resultant balance of trade in her favour, have to pay more for the rupees in which their debts must eventually be liquidated.

As regards particular classes of the community, the persons who consume imported goods obviously stand to gain by a higher exchange, since they have to pay fewer rupees for the sterling prices on which imports are based.

As regards exporters, I admit that theoretically they would be hit, since they could not increase their sterling prices in the face of outside competition and would therefore have to accept a lesser amount of rupees.

It is indeed an economic axiom that in ordinary times a rise in the rate of exchange in favour of any country tends to give a fillip to her imports and a set-back to her exports, and thus automatically to work back to the normal exchange rate. But we have to remember the special circumstances of the war that the outside competition, which we normally have to face, has now been greatly diminished and that there is a very acute

demand for India's more important products. Indeed it may be said that exporters are able to ship practically all the goods for which tonnage can be provided. I hold therefore that the theoretical damage to the exporter is adequately counteracted by the special circumstances which tell in his favour.

It has been specially alleged that the rise in the rate of exchange has more than counterbalanced the benefit that the Indian cotton trade derived from the recent modification in the relative rates of excise and imports taxation. I must remind you however, that the increased competition from Lancashire, which this proposition implies, has been more then set off by scarcity of freight, and the same general consideration applies, though no doubt to a considerably lesser extent, in the case of Japan.

Then as regards the Indian producer. In so far as exchange affected the export trade prejudicially he would, of course, lose in respect of articles which he sends abroad, but as I have already said, the special circumstances of the times counteract this, and the present range of prices is such as to put the Indian producer in a very good position. I must remind you too that the interests of the producer in respect of high prices do not always coincide with those of the community generally. It will be within your recollection for instance, that many complaints were made as regards the high prices prevalent prior to 1910, which led to the appointment of a Committee to inquire into the matter. More recently, again, the Government, with general approval, took special steps to prevent an abnormal increase in the price of wheat which would have been very hurtful to the consuming community in India.

You have probably seen too a recent **communique** by the Bengal Government dealing with complaints by consumers as to the high price charged for **dhoties** and other cotton goods, and the observation of that Government that this was very largely due to increase in the price of cotton.

In your letter of 4th October there are various references made to an alleged departure from the policy proposed by the Chamberlain Commission, and these arguments have found an echo elsewhere. I cannot, however, admit their validity. The Chamberlain Commission dealt with a state of things entirely different from that which now prevails, a state of things in which the sole anxiety of the Government and the trading community was to keep the rupee up to a level of 1s. 4d.. which materially exceeded its bullion value. The Commission had naturally no prophetic insight into the converse state of things which now prevails. Particular reference has been made in this connection to paragraph 30 of the Commission's report as supporting the theory that they desired to prevent the possibility of the exchange, value of the rupee going to a premium over 1s. 4d. If, however, this paragraph is carefully studied it will be seen that it relates to internal exchange, and that what the Commission had in view was not the Gold Standard Reserve generally, but a reserve in fully coined rupees which was at that time held within the Gold Standard Reserve, but has now been abolished. The Commission considered that the object of this special sub-reserve was to prevent a scarcity of supply in rupees causing an appreciation to a value over 1s. 4d. of the rupee value in gold in India. But that the Commission did not think this a legitimate application of the Gold Standard Reserve is shown by the fact that they recommend that this special reserve in rupees should be abolished, as has since been done, and (in paragraph 90 of their Report) that the whole of the Gold Standard Reserve should be kept in London.

Similarly as regards the contention that the Gold Standard Reserve should have been used to keep the rupee down to 1s. 4d. by meeting the losses entailed by purchase of silver at a higher price. The Gold Standard Reserve was not intended for any such purpose. It was intended to keep the rupee up to 1s. 4d., and that this was all the Commission had in mind

is clear from remarks in paragraphs 79 to 85 of their Report which discussed the adequacy of the Reserve with reference to the Exchange crisis of 1907-08, which was, of course, one in which the exchange value of the rupee had fallen and special measures had to be taken to buttress it I have already indicated that a rise in exchange is for various ways to the benefit of India generally, and I am certainly not prepared to support the proposition that the Gold Standard Reserve should be deflected from its proper purpose to make things artificially easy for exporters.

As regards your suggestion that I should consider the advisability of lowering exchange again at the earliest possible date with reference to present silver prices, I can only say that we must wait and see how the position developes. You must remember that London prices are at present largely speculative, and that the real factor in the situation is what the Secretary of State is paying in America, say San Francisco prices, with the added factors of the rates of exchange between London and New-York, the cost of freight and insurance which in these days is heavy, and finally the cost of coinage in India. You will, I am sure, agree with me that it is very undesirable to have frequent fluctuations in the rates of exchange. The Secretary of State did not raise rates to their present level till some time after a rise in the price of silver would have justified this. Similarly, he could not expediently consider reduction until he is pretty sure that the lower rates, on which such reduction would be based have come to stay.

I observe that your letter of the 4th October contains various recommendations for future policy, but it is quite clear that these, even if they were otherwise found desirable, could not be undertaken during the stress of war. Take for instance the first recommendation; given the present jealous conservation of gold by the countries that have the command of it, it is quite out of the question that India should receive gold sufficient to

make the rupee a mere token coin for internal circulation. I may point out too that this recommendation is somewhat inconsistent with the reverence for the authority of the Currency Commission expressed in previous portions of the letter, since the Commission, in paragraph 68 of their Report, arrived at the conclusion that it would not be to India's advantage to encourage an increased use of Gold in internal circulation.

I repeat what I have already said on other occasions, that we shall give the recommendations of the Commission in respect of future policy the fullest consideration after the war; we shall be fortified with the lessons which the war has brought, and we shall then of course be equally ready to consider criticisms, or supplementary proposals made from other sources which carry weight. It was indeed for this purpose that Report of the Commission was circulated for opinion.

With these explanations I do not think you will expect me to discuss your letter further, though I read it with great interest. I need only add that you now know that the Government had independently come to the view expressed in that letter as to the desirability of issuing treasury Bills to meet our present circumstances, and I am glad to find that they have been so largely taken up in Bombay. I gather however, that they have been as yet mainly taken up by the Presidency and other Banks, and I would suggest to you that you should show your faith in a specific which commends itself to you by taking up Bills freely.

You suggest, too, that the Government should have issued 3 months treasury Bills. The answer is that this would not have been convenient from the Government point of view, since such Bills, issued this month, for example, would mature in January at a time when there is a heavy strain on us in connection with our ways and means transactions.

As regards future policy in this as in other respects, that must be left for fuller consideration in calmer times. I would only indicate to you as a factor in the problem that, so long as the normal borrowings of the Government of India are for capital expenditure, it is **Prima Facie** desirable that such borrowings should be either irredeemable or repayable only after long periods.

One word more before I leave this subject. The Government of India fully recognize the general advantage of a settled and publicly notified financial policy; but in the ever-changing circumstances of this gigantic war many factors with reference to which future action must be determined are, from the nature of the case, entirely beyond our control, or indeed that of any other Government and we must act according to the circumstances and expediencies of the moment. We must remember too that we are not an absolutely self-contained entity. We are a part of the great British Empire, and we must, so far as may be, frame our policy so as to accord with interests of the Empire as a whole just as we on our part hope for similar consideration from the Home Government.

I beg you to accept the assurance that, whatever measures we have taken, whether in matters of finance or trade, have been after full consideration, and consultation where necessary, with His Majesty's Government, and that where we have had to do something which may temporarily affect the interests of some particular class it has been for wider interests of the Community as a whole.

APPENDIX 6.

W. T. Halai's Motion.

Bombay, 29th August 1917.

To,

The Secretary,

Indian Merchants' Chamber and Bureau.

Dear Sir,

Under Rule 10 (d) I beg to give you notice of the following alterations to the existing rules and new substantive proposals which I desire to move at the ordinary general meeting of the Chamber to be held next month.

I am sending these earlier in order that the committee may have sufficient time to consider the same before the same are brought before the general meeting.

(1). Amendments to rules.

(*a*). To rule 3 relating to members after "Rule No. 27" add the following sub rule.

"The entrance fee so recovered shall be solely utilised for forming and maintaining a library."

(*b*). To rule 10 after the last words "date of the meeting" at the end of sub rule (*d*) add the following rule.

"There shall also be held in the months of December, March and June meetings of members called triennial or 3 monthly meetings to transact such business of which notices are given by a member or members as provided by aforesaid sub rule (*d*)."

(*c*). In "Rule 16" delete the words commencing with "The Committee shall fill.....during the year" and substitute in its place the following:—

"The three monthly meeting of the members shall fill up any vacancy of a member of the committee occuring during the period. The election for filling in such vacancy shall take

place by the members present at such meeting proposing the names on which a ballot shall be taken on the spot, the chairman of the meeting appointing 2 scrutineers. In case of equality of votes secured by any two candidates the chairman shall have a casting or additional vote."

(c1) From cl. 2 of the same rule 16 delete the words "six" and substitute the word "three".

(c2) Delete the 3rd clause in rule 16 commencing with the words "The secretary will send etc.....the required permission."

In line 3 of the Rule 24 after the words "its members" add the following words "or from among the members of the chamber".

II I also beg to give you notice of the following substantive proposition that I propose to bring at such meeting.

"This meeting resolves that a fund called "The Indian Merchants' Chamber and Bureau Building Fund" be opened for the purpose of acquiring a suitable site for building a suitable premises for the chamber or a suitable building be acquired for the purpose and that a committee consisting of the following gentlemen with power to add to their number be appointed for collecting such funds Viz Sir Fazulbhoy Currimbhoy Kt., Sir Shapurji B. Broacha Kt., The Honourable. Mr. Lalubhai Samaldas and Mr. Sorabji E. Warden and that such funds when collected and the land and buildings to be acquired therefrom be vested in the trustees and that the solicitors of the chamber be requested to prepare a draft trust deed for the purpose."

Yours Faithfully,

W. T. Halai.

P. S. For more convenient reference of the proposed amendments to the rules, I am sending herewith a copy of the present rules together with the proposed alterations thereto.

APPENDIX 7.

The Bill to give Additional Powers to Courts.

No. 7374 of 1917.

JUDICIAL DEPARTMENT.

Bombay Castle, 20th November 1917.

From

A. F. KINDERSLEY, Esq.,

Under Secretary to the Government of Bombay;

To

The Secretary,

Indian Merchants' Chamber and Bureau, Bombay.

Sir,

I am directed to forward herewith a copy of a Government Resolution in this Department, No. 7371, dated this day, and of a Bill to give additional powers to Courts to deal in certain cases with usurious loans of money or grain, and to request that you will kindly favour Government with the opinion of the Chamber on the provisions of the Bill.

2. I am also to request the favour of your reply being sent to Government not later than the 10th December 1917.

I have the honour to be,

Sir,

Your most obedient servant,

A. F. KINDERSLEY,

Under Secretary to Government.

17th December, 1917.

From

The Secretary,

The Indian Merchants' Chamber and Bureau,

BOMBAY.

To

A. F. KINDERSLEY Esq.,

Under Secretary to the Govenment of Bombay,

(Judicial Department.)

BOMBAY.

Sir,

I have the honour to acknowledge the receipt of your letter No. 7374 dated the 20th November 1917 and a copy of Government Resolution of your department No. 7371 dated idem as well as a Bill to give additional powers to Courts for dealing in certain cases with usurious loans of money or grain. The Bill was considered in all its bearings by my Committee along with the paragraph stating objects and reasons.

2. My Committee agrees with the provisions of the Bill and has no particular comments to offer.

I have the honour to be,

Sir,

Your most obedient servant,

S. S. MEHTA,

Secretary.

APPENDIX 8.

The Bill proposing to amend the Criminal Procedure Code.

JUDICIAL DEPARTMENT.

Bombay Castle, 28th November 1917.

From

A. F. KINDERSLEY, Esq.,

Under Secretary to the Government of Bombay;

To

The Secretary,

Indian Merchants' Chamber and Bureau.

Sir,

I am directed to forward herewith a copy* of a Government Resolution No. 7503, dated this day, regarding the proposed amendment of the Criminal Procedure Code in respect of the powers conferred by the Code upon Presidency Magistrates, and to request that Government may be favoured with the opinion of the Indian Merchants' Chamber and Bureau on the proposal.

* With a copy of clause 89 of the Criminal Procedure Code (Amendment) Bill and an extract from the report of the Committee appointed to revise the Code relating to that clause.

2. I am also to request the favour of your reply being sent to Government not later than the 20th December 1917.

I have the honour to be,

Sir,

Your most obedient servant,

A. F. Kindersley,

Under Secretary to Government.

17th December, 1917.

From

The Secretary,
The Indian Merchants' Chamber and Bureau,
Bombay.

To

A. F. Kindersley Esq.,
Under Secretary to the Government of Bombay,
(Judicial Department) Bombay.

Sir,

I have the honour to acknowledge the receipt of your letter No. 7506, dated the 28th November 1917 and a copy of the Government Resolution No. 7503, regarding the proposed amendment of the Criminal Procedure Code in respect of the powers conferred by the Code upon Presidency Magistrates and also a copy of clause 89 of the Criminal Procedure Code Bill and an extract from the report of the Committee appointed to revise the Code relating to that clause. All these were duly submitted to the consideration of my Committee.

2. My Committee agree to the view that, "In every case tried by a Presidency Magistrate in which an appeal lies, such Magistrate shall either take down the evidence of the witnesses with his own hand or etc." My Committee also agree with the view expressed by the aforesaid Committee in their statement that there is no reason why Presidency Magistrates, who are not in most cases persons of exceptional capacity or experience, should be entrusted with any wider powers than those of ordinary first class Magistrates.

I have the honour to be
Sir,
Your most obedient servant,
S. S. MEHTA,
Secretary.

APPENDIX 9.

The Bill to consolidate and amend the Law relating to the Income Tax.

No. 14133 of 1917,

Revenue Department,

Bombay Castle, 23rd November 1917.

From

A. F. L. Brayne, Esquire, I. C. S.,

Under Secretary to the Government of Bombay.

To

The Secretary,

Indian Merchants' Chamber and Bureau, Bombay.

Sir,

I am directed to forward copy of a Bill to consolidate and amend the law relating to Income Tax with the Statement of Objects and Reasons and to request that you will favour Government with the opinion of the Chamber and Bureau on the provisions of the Bill.

2. I am to request that the reply to this letter may be sent by the 10th December 1917 at the latest.

I have the honour to be,

Sir,

Your most obedient servant,

A. F. L. Brayne,

Under Secretary to Government.

29th December 1917.

From

The Secretary,

The Indian Merchants' Chamber and Bureau,

Bombay.

To

A. F. L. Brayne Esq., I. C. S.,

Under Secretary to the Government of Bombay,

Bombay.

Sir,

The Bill to consolidate and amend the law relating to Income Tax was considered by my Committee and I have been asked to reply as follows:—

My Committee are afraid that the submitting of returns to the Collector of Income Tax as required in sections 16, 17, 18, 19 will press very hard upon smaller merchants who may not keep their accounts in a regular form and also on a large number of merchants who can take account of their dealings with up-country agents, constituents or partners and cannot close their books by the time the return is due. They venture to think that a reference to the Collector of Income Tax will show that many merchants are not able to close their accounts till long after Diwali. My Committee are of opinion that even if the principle of requiring the submission of returns is to be maintained, option should be given to the Collector to call for returns instead of making it compulsory on him to do so in every case. In any case my Committee are strongly of opinion that merchants should not be compelled to send in their returns till at least 12 months have elapsed after the close of their year.

In Sec. 19 after the words "Failure to make return or to attend" "except for sufficient reason" should be added.

With regard to section 16 sub-section (a) my Committee do not understand as to why the return for the salaries of Rs. 600/- per annum has been asked for especially as no Income Tax is chargeable on the said head, and in case the same has appeared there through inadvertence in place of Rs. 1000/ the necessary alteration may be made.

With regard to section 38 my Committee are strongly of opinion that the same is likely to create unnecessary difficulties in the way of the mercantile community. Especially the merchants abhor prosecutions before Magistrates and since the other remedies about the recovery of assessment of Income Tax are by the act already vested in the Collector, the Sec. 38 may be deleted. The said section in particular is most objectionable in case of section 35 (2) and sections 16, 17, and 18 of the Act. The Joint Stock Companies that are accustomed to keeping the books after the English system will be in a position to make the returns, but in case of the mercantile community as pointed out above it would create hardship and would therefore lead to unnecessary harassment.

The most objectionable feature of the Bill is incorporation of the words "Hindu undivided family" in the term "assessee." It cannot be the intention of the legislature by means of this device to strike at the root of the Joint Family System prevalent in this country for generations together; and leaving apart the economic portion, it would offend the religious efficacies as well. It is therefore respectfully suggested that in the joint families the income tax may be assessed as in the case of individuals and on the amount on which each individual would be liable to pay but not on the basis of partnership firms. It cannot be the intention of the legislature by this Bill to strike at the root of the ancient joint family system. By adopting this way the loss, if any to the Government would be trivial.

With regard to the firms as the tax is being collected on the enhanced basis from the firm itself, there is no reason why the individual partner of the firm who has thereby to pay the enhanced scale should not be allowed a refund especially as he is chargeable at the enhanced rate in case of his other incomes It is therefore submitted that in cases where he may happen to have made any loss in the transaction which may be outside the firm he should be held entitled to a refund of the income taxes paid by him; and that in his individual capacity he should not be placed in a position which would be worse than that of a shareholder of a joint stock company. It would not be difficult to charge in the firm each individual partner according to his share in case where the returns are submitted and in other cases as the Government have got the right of collecting from him on enhanced rates, it is but equitable that in case where he has made less income or has sustained a loss he should be held entitled to a refund.

I have the honour to be,

Sir,

Your most obedient servant,

S. S. MEHTA,

Secretary

APPENDIX 10.

Visit of H. M's Secretary of State for India.

H. E. the Right Hon'ble Baron Chelmsford, the Viceroy and Governor-General of India and the Right Hon'ble E. S. Montagu, H. M's. Secretary of State for India, received an address from the Indian Merchants' Chamber and Bureau, on Wednesday, the 26th December 1917 at 10-40 A. M.

The deputation consisted of:—

(1) Sir Vithaldas D. Thakersey Kt. (Chairman). (2) The Hon'ble Mr. C. V. Mehta (Vice-Chairman). (3) The Hon'ble Mr. Lallubhai Samaldas C. I. E. (4) The Hon'ble Sir D. E. Wacha Kt. (5) The Hon'ble Sir Fazulbhoy Currimbhoy. (6) The Hon'ble Mr. Purshottamdas Thakordas. (7) The Hon'ble Mr. Manmohandas Ramji. (8) Devidas. M. Thakersey Esq. (9) Naranji Haribhai Esq. (10) S. E. Warden Esq. (11) S. S. Mehta Esq. B. A. (Secretary).

The Chairman read the following address:—

To

His Excellency the Right Hon'ble

BARON CHELMSFORD,

G. M. S. I., G. C. M. G., G. M. I. E., &c.,

Viceroy and Governor-General of India,

AND

To

The Right Hon'ble

EDWIN SAMUEL MONTAGU,

M. P.,

His Majesty's Secretary of State for India.

MAY IT PLEASE YOUR EXCELLENCY AND RIGHT HON'BLE SIR,

We, the President and Members of the Indian Merchants' Chamber and Bureau, embrace this opportunity of offering you our most respectful and cordial welcome to our land, on this occasion of your unique and historic visit to India on the high

mission of personally inquiring into the conditions necessary for Reforms, and to wish you every success in this important undertaking.

2. Living as we do, in these critical times, we in India realise fully the deep debt of gratitude that we owe to the British Navy with its rich historic traditions and to the British and Indian armies for so valiantly fighting for the Empire and affording protection and security not only to life and property, but also to the Commerce and Industry of the Empire.

3. Many indeed are the questions affecting Indian trade and industries in relation to the other parts of the British Empire as well as foreign countries, not the least important of which will arise when peace negotiations are considered at the end of the war.

4. These far reaching deliberations demand that India's interests should not only be represented but adequately safeguarded in the Councils or Conferences of the Empire wherever and whenever held. It is the earnest request of this Chamber that His Majesty's Government will not fail to ensure Indian representation competent and qualified to give advice at such deliberations.

5. It is of supreme importance to the healthy and natural growth of Indian Commerce and Industries that India should have a free hand in the determination of her own policy and that no considerations other than the best interests of the country should prevail.

6. Under existing circumstances the subordination of the Indian administration in matters of trade and industry to external and more powerful influences haves been found to be a great evil prejudicial to Indian welfare.

7. The first step, we therefore venture to submit, in any scheme of reforms that may be adumbrated must be the adequate representation of Indian Commerce and Industry in the supreme as well as Provincial Legislative Councils. At present elective rights to the Imperial Legislative Council are enjoyed only by the European Communities of Bengal and Bombay who send one representative each to the said Council. The Indian Commercial Community enjoys no such privilege but has one member nominated by Government alternately from Bengal and Bombay. We submit that the privileges of electing representatives should be conceded also to the Indian Commercial and Industrial communities in proportion to their vast and varied interests which in our opinion far exceed the interests and stakes of the European community.

8. Further, we submit that the Commerce and Industry Department should be considerably recast and a special portfolio created for Railways and Irrigation; and also that Departments of Industry be established in all the Provinces.

9. Besides this, there are Indian economic problems on which the Chamber begs leave to draw your attention. It is of vital importance to the free and healthy growth of Indian Commerce and Industries that the Government of India should have complete fiscal autonomy. So far, fiscal autonomy has been found in the case of the Colonies to be perfectly compatible with their Colonial interests, pure and simple, without clashing in any way with the harmonious development of Inter-Imperial relations. There ought to be nothing to prevent India from similarly bearing her full share of Imperial responsibility without sacrificing her own interests. Whilst on the subject, may we beg leave to express our whole hearted gratitude for the removal of the grave injustice which India had been subjected to, for well nigh twenty years on account of the preferential duty on imported cotton goods. We have also noted with the highest satisfaction the emphatic pronouncement made by your distinguished predecessor in office at the luncheon in

honour of the Imperial Conference given by the Empire Producers' Associations in London, which augurs well for the future.

10. It is acknowledged that want of capital is one of the principal reasons which contribute to the Industrial backwardness of this country. This Chamber has always maintained that the problem of financial stringency will be removed to a large extent if the Gold Standard Reserve is located in this country and utilized judiciously in advances to Presidency Banks and otherwise made available for Industrial purposes.

11. An influential and large section of the Indian Commercial Community is of opinion that the time has come for the State to undertake the management of all Indian Railways. This is considered essential in order to encourage the growth of local Industries which is found to be difficult under the present system of company management, with a board in England.

12. The Indian Commercial Community has welcomed with feelings of deep gratitude the declaration of the ultimate goal of British Rule in India and hopes that all legitimate aspirations of the people of this country will be fully satisfied. We are confident that no section of the Commercial Community in this country can reasonably feel such a scheme of reform so necessary for the welfare of the country, to be in any way prejudicial to its vested interests.

13. In conclusion we thank you, Sir, for your labours and for your solicitude for the Indian people. We sincerely pray that your efforts may be crowned with success.

With the assurance of our steadfast loyalty,

We remain on behalf of the Chamber,

Sir,

Your most obedient servants,

Vithaldas D. Thackersey. *Chairman.*

S. S. MEHTA *Secretary.*

BOMBAY, 22nd December 1917.

APPENDIX 11

Indian Cotton Committee.

No. 643.

FROM

F. NOYCE, ESQUIRE, I.C.S.,

Secretary to the Indian Cotton Committee.

To

The Secretary,

Indian Merchants' Chamber,

BOMBAY.

Simla, the 7th December 1917.

Sir,

I have the honour to state that the Indian Cotton Committee is desirous of examining two representatives of your Chamber as witnesses. I am, therefore, to request that your Chamber will be good enough to nominate two members to give evidence before the Committee. I enclose three copies of the questions which are being issued by the Committee one for the information of the Chamber and the others for the representatives nominated to appear before the Committee. I should be much obliged if the replies to the questions could be sent to me before the 10th January 1918, in order that I may get them printed up for the use of my Committee. As at present arranged the Committee will visit Bombay from 24th January to 3rd February 1918. The time and place at which the oral evidence of the representatives of the Chamber will be taken will be intimated later.

I have the honour to be,

Sir,

Your most obedient servant,

F. NOYCE,

Secretary.

Indian Cotton Committee.

When forwarding their answers to the questions suggested for their assistance, witnesses are requested to fill in and return this form.

Name :—

Permanent Postal Address:—

Profession, occupation, or appointment:—

If representative of a body, the name and address of the body represented:—

Please read carefully the instructions given on the next page.

All communications for the Committee should be addressed:-

The Secretary,

INDIAN COTTON COMMITTEE,

CAMP.

Indian Cotton Committee.

Instructions to persons invited to give evidence before the Committee.

1. The questions in the accompanying lists have been framed so as to cover as far as practicable, the whole scope of the enquiry to be made by the Indian Cotton Committee. *It is not intended that individuals or bodies invited to give evidence should attempt to answer all the questions.* The Committee will naturally attach importance to the practical experience and special knowledge which witnesses have acquired of the matters regarding which they offer opinions.

2. Each witness will also be examined orally by the Committee. At the oral examination, he will probably be examined on his written evidence in order to make clear doubtful points and otherwise to enable the Committee to estimate its value.

3. A Chamber of Commerce or similar body invited, as a Chamber or body, to give evidence, may either submit one set of answers to the questions, which it desires to answer, and select not more than three representatives to support its views in oral examination; or it may nominate two or three individuals to give each his own views, in writing and afterwards, orally. These individuals may be selected either as representing different interests, or as having knowledge and experience of different subjects, or as representing different views on one or more subjects.

Individuals who are members of Chambers of Commerce or similar bodies may give evidence, at their own request or by invitation, independently of these arrangements. The evidence of these witnesses will be taken as representing their individual views only.

4. In answering the printed list of questions, witnesses need not restrict themselves to a series of answers to the questions on which they desire to give evidence. The questions are intended merely as a guide to show witnesses the matters on which the Committee desires to gather information and opinions. The Committee prefers that witnesses should submit their views in a connected statement for each subject, and include in each such statement their answers to the various questions.

5. Witnesses who desire that any portions of their evidence should be treated as confidential are requested clearly to mark such portions. Oral evidence will also be treated as confidential when witnesses so desire. They will be given the opportunity of revising the proofs of their oral evidence.

F. NOYCE,

Secretary.

The 3rd September 1917.

I.—AGRICULTURAL EXPERIENCE.

(*a*) "Deshi" Short Staple Cotton.

1. In what cotton growing districts have you been stationed and for what period in each? Have you been in actual touch with cotton cultivators?

2. What varieties of *deshi* short staple cotton are grown in the districts with which you are acquainted?

3. What is the average size of holdings in which cotton is grown and what proportion of the holding is under cotton?

4. What are the average yields and profits per acre?

5. What rotations are followed and what manures, if any, are applied?

6. How does the return to the cultivator of the different varieties of *deshi* short staple cotton compare with the return from (*a*) *deshi* long staple cotton. (*b*) other *deshi* crops, (*c*) exotic cottons?

7. Does the area under *deshi* short staple cotton fluctuate at all largely in the districts with which you are acquainted and if so, is there any special reason for this? Is there any possibility of an increase under *deshi* short staple cotton and if so, what are the factors which would limit that increase?

8. To what uses is the seed put? Is any seed selection practised and, if so, on what principles? Is seed selected for sowing specially hand ginned?

9. Please add any remarks you consider may be helpful to the Committee on the general economic state of the cotton growing districts with which you are acquainted.

N. B.—Please see note at end of Section (*c*) below.

(*b*) "DESHI" LONG STAPLE COTTON.

10. In what cotton growing districts have you been stationed and for what period in each? Have you been in actual touch with cotton cultivators?

11. What varieties of *deshi* long staple cotton are grown in the districts with which you are acquainted?

12. What is the average size of holdings in which cotton is grown and what proportion of the holding is under cotton?

13. What are the average yields and profits per acre of different varieties of *deshi* long staple cotton of which you have had experience? How do these compare with those of (*a*) *deshi* short staple cotton, (*b*) other *deshi* crops, (*c*) exotic cottons?

14. What rotations are followed and what manures, if any are applied?

15. What, in your opinion, are the special conditions which would affect any increase in the area under *deshi* long staple cotton in the districts with which you are acquainted, *e. g.*, length of ginning season, irrigation available, climatic considerations, competition with food crops, limitation owing to necessity of observing rotations, labour supply, etc.?

16. Do you consider that, in the cotton growing tracts with which you are acquainted, the right varieties of *deshi* long staple cotton are being pushed in the right districts or whether still superior types could be introduced?

17. What measures would you recommend to prevent the mixing of *deshi* long staple cotton with (*i*) *deshi* short staple cotton, (*ii*) exotic cotton (*a*) in the field. (*b*) in the factory?

18. To what use is the seed put? Is any seed selection practised and, if so, on what principles? Is seed selected for sowing specially hand ginned?

19. Please add any remarks you consider may be helpful to the Committee on the economic state of the cotton growing districts with which you are acquainted.

N. B.—Please see note at end of Section (*e*) below.

(*c*) Exotic Cotton.

20. In what cotton growing districts have you been stationed and for what period in each? Have you been in actual touch with cotton cultivators?

21. What varieties of exotic cotton are grown in the districts with which you are acquainted?

22. What is the average size of holdings in which cotton is grown and what proportion of the holding is under cotton?

23. What are the average yields and profits per acre of the different varieties of exotic cotton of which you have had experience? How do these compare with those of (*a*) *deshi* short staple cotton, and (*b*) *deshi* long staple cotton, (*c*) other *deshi* crops?

24. What rotations are followed and what manures, if any, are applied?

25. What, in your opinion, are the special conditions which would affect any increase in the area under exotic cotton in the districts with which you are acquainted, *e. g.*, length of ginning season, irrigation available, climatic considerations, competition with food crops, limitation owing to necessity of observing rotations, labour supply, etc.?

26. Do you consider that, in the cotton growing tracts with which you are acquainted, the right varieties of exotic cotton are being pushed in the right districts or whether still superior types could be introduced?

27. What measures would you recommend to prevent the mixing of exotic cotton with (*i*) *deshi* short staple cotton (*ii*) *deshi* long staple cotton (*a*) in the field (*b*) in the factory?

28. What is your opinion as to the desirability of importing seed direct from America or Egypt as required as against relying on selected seed grown in India ?

29. Please add any remarks you consider may be helpful to the Committee on the economic state of the cotton growing districts with which you are acquainted ?

N. B.—The Committee would be obliged if you would give them your views as to the best organisation for handling cotton in your province. Under this head you might consider research in connexion with improvement of the plant, establishment of seed farms for the production of improved seeds, district staff necessary and the regulation of buying agencies and ginning factories.

II.—COMMERCIAL ASPECT.

30. Give, as fully as possible, an account of local trade customs with which you are acquainted in regard to the marketing of the cotton crop, in particular as regards any systems of agency, advances, future buying or contracts.

31. What are the commercial names of the various grades of cotton with which you are acquainted and from what areas do they come ? Do you regard them as suitable and, if not, what alterations would you suggest ? Can you suggest any means by which the commercial names could be standardized, *i. e*, of securing that the same name should be used for the same cotton from whatever locality it comes ?

32. What do you consider is the best form of buying agency ?

III.—STATISTICAL.

33. Do you consider that the cotton forecast, as at present published, is sufficiently accurate as far as your province is concerned ? If not, can you suggest any way in which it could be improved ?

34. Can you suggest any methods by which the statistical information published by Government in regard to cotton other than the forecasts, *e. g.*, the cotton press return, could be made of greater use to the cotton trade ?

35. What are your views in regard to the daily publication of Liverpool and Bombay cotton prices at up-country markets ?

IV.—MANUFACTURE.

(*a*) Ginning and Pressing.

36. What class of gins and presses do you use and how many have you in your factory ?

37. What is the size of the bale produced by your factory?

38. What is your opinion as to the relative merits of saw and roller gins ?

39. Have saw gins been successful with Indian cottons and, if not, what is the objection to them ?

40. Have you experienced any difficulty in obtaining factory labour ?

41. Do you find the condition in which raw cotton reaches your factory in any way objectionable and if so, what remedies would you suggest ?

42. Assuming that it were found possible to replace any large quantity of short staple cotton by long staple cotton, would any substantial alteration in your machinery be necessary ?

N. B.—The Committee would be obliged by any information you can give them in regard to the general question of long *versus* short staple cotton and also in regard to any experience you have had in handling any new staple cotton.

(*b*) Spinning and Weaving.

43. What counts are spun in your factory and what is your principal market ?

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44. Do you find the condition in which cotton reaches your factory in any way objectionable and if so, what remedies would you suggest ?

45. What, in your opinion, would be the effect on the cotton market generally if any large proportion of the short staple cotton at present grown in India were replaced by long staple cotton ?

N. B.—The Committee would be obliged by any information you can give them in regard to the general question of long *versus* short staple cotton and also in regard to any experience you have had in handling new staple cotton.

V.—GENERAL.

46. Does your experience indicate that buyers in the past have been prepared to encourage the growth of improved cottons by offering a premium for them ?

47. Do you consider that the water rates charged have any effect on the cultivators' preference for a particular crop ?

48. Do you consider that any changes are called for in the schedule of water rates at present in force ?

49. Do you consider that the tenure on which land is held in the tracts of which you have experience in any way affects the extension of cultivation of cotton ?

VI—IRRIGATION.

50. Please state what experience you have had of irrigation in general and in particular of irrigation under canals. Have you any experience of canal irrigation assessment work ?

51. When is cotton watered and what is the volume of water required per acre at each watering ?

52. Has it been your experience that cultivators prefer wheat to cotton as an irrigated crop ? If so, what is the reason for the preference ?

53. Does the supply in the rivers increase gradually in spring and decrease gradually in autumn or are both the increase and the decrease sudden? In either case what is the effect on the cultivator's preference for a particular crop? Please furnish, if possible, a diagram with statistics illustrating your reply from the canals of which you have experience.

54. (*a*) To what extent do wells exist in the areas commanded by the canals of which you have experience and what steps are required to extend the irrigation under them in those areas?

(*b*) Have you any experience of tube wells and do you consider that their use would be valuable in this connexion?

55. Do you consider the existing water rates charged for cotton suitable? If you can give statistics to explain your answer, please do so.

56. Can you give a rough estimate of the average area of each crop grown on a holding of 100 acres, how are these areas affected by the water supply, the necessity for growing a fodder crop and of preserving suitable rotations of crops? Would any proposals you have put forward bring about an alteration in these areas?

57. Do you consider that sufficient water is available for a considerable increase in the area of cotton and, if so, why is a larger area not irrigated?

58. Is it your experience that cultivators prefer *deshi* cotton to American cotton? If so, can you explain their reasons for the preference?

59. Is it your experience that the canal regulations create any difficulties in regard to the irrigation of American cotton?

Answers to the Questions of the Cotton Committee.

From the series of questions suggested the main object of the inquiry seems to have been directed towards considering the means for (1) a better and wider supply of long staple cotton and (2) the prevention of fraudulent mixing and damping of same.

We shall here summarise our views in a general way taking the two features as our basis for consideration of the means to be employed.

Under the first head of a better supply, the following topics require consideration:—

(a) The supply of proper seeds to the cultivator.

(b) Whether the present area under cultivation of long staple cotton is sufficient to improve both the quality and the outturn and what would be the effect of an increase of area.

(c) The question of restricting the railing of kappas and/or cotton from one station to another except to ports or stations of consumption.

(d) The question of restricting carting of same from one province to another except for actual consumption.

(e) The tendency of the cultivator towards using short staple cotton seeds because the return to him is better.

Under the second head would come such questions as:—

(f) The licensing of factories and compelling them to stamp every bale and dhocra that leaves their premises with their distinguishing mark.

(g) The prevention of watering and steaming cotton.

(h) How to restrict the use by the cultivator of loose and crushed seeds produced during ginning.

(i) The practice of mixing hand-ginned cotton with machine ginned.

(j) The practice of false packing.

(a) Supply of seeds. Generally the cultivators take away seeds from the ginning factories. These are an admixture of both long and short staple cotton, the result being a gradual but steady deterioration in staple of crops every year. This evil could only be remedied if the proper and right kind of seed is supplied to the cultivator. Even with gins, the seed from a hand gin is better than that from a machine gin, as the ends are not cut in the former.

(b) Area. The present area under cultivation of long staple cotton is quite sufficient to meet the demand if properly improved. Any extension of area would not be desirable under the present circumstances, and, if done at the cost of food grains, would not be beneficial or advisable.

(c) Railing. The railing of kappas, cotton and the fly and droppings of mills in any form produces deterioration of quality by encouraging the practice of mixing inferior with the superior grade. This is a point of vital interest in the matter of keeping up the staple of each place and the restriction ought to be legalised. Exceptions should only be made for bonafide consumers and in cases of destination ports.

(d) Carting

The same applies to the carting of kappas and cotton from one province to another as for example, Kandeish kappas was being and is carted down to the Nizam and Berar markets and has thus become the main cause of the deterioration in these districts. Therefore provincial restriction is necessary and ought also to be legalised.

(e) Tendency of the cultivator.

More lately the tendency of the cultivator is towards using short staple cotton seeds because he could get better return. This question therefore is one which could be better solved by an expert in agriculture.

(f) Licensing of factories and stamping bales with factory marks.

Some factory people are in the habit of colluding with the merchants and resort to fraudulent practices. This evil cannot be remedied unless factories are made to understand their responsibility by the issue of licenses to them. No factory should be refused a license unless and until it is proved to be practising fraud of any kind. This could be ascertained if factories are compelled to stamp each and every bale or dhokra that leaves their premises with their distinguishing mark. The fraud could then be traced to the original source, and should be reported to the responsible authorities appointed for the purpose with the proper certificates from responsible trade bodies proving the same. The authorities in such cases in satisfying themselves and tracing the fraud fully to the factory may use their discretion in warning off the culprit or discontinuing the license for a year or two according to the gravity of the offence.

(g) Watering and steaming. Means should be taken to stop this abuse totally. Licensing of factories will ease the difficulties in stopping this.

(h) Loose and crushed seeds. This question will be solved by the licensing of factories suggested above. Unless that is done this evil will never be removed.

(i) The practice of mixing hand-ginned cotton in machine ginned. This is not desirable because often times hand ginned cotton carries more seed with it with the result of more loss per cent. At some places short staple cotton is mixed with long staple. This evil could be avoided by the restriction of railing and carting.

(j) False packing. This refers to the practice of mixing very inferior cotton as well as fly and droppings of mills in the middle part or hard side of the bale and sometimes all throughout. This will be greatly remedied if the licensing of factories is made compulsory.

Ques. No. 34. Licensing of factories will also help in bringing out more accurate reports of the output.

Ques. No. 35. We are in favour of publication, and that ought to be twice a day, meaning the closing reports of overnight in Bombay early morning before the opening of the markets in the moffusil and the opening reports before evening of the same day.

APPENDIX 12.

Indian Industrial Commission.

No. 1 Cir:

Postal Address:

"Indian Industrial Commission,
Camp".

(without the addition of a post town.)

Dated Calcutta, the 12th January 1918.

FROM

G. H. W. DAVIES, ESQ., I. C. S.,
Secretary, Indian Industrial Commission,

To

All Chambers of Commerce, &c.

SIR

I am directed to say that during the present tour of the Indian Industrial Commission the subject of the housing of labour and the liabilities of employers in this respect has been brought prominently to the notice of the Commission. The betterment of the conditions of labour was only very generally dealt with in the formal list of questions issued by the Commission, and though in some places, a great deal of evidence was forthcoming on this subject, it has not in all cases received the degree of attention which it deserves. In consequence the Commission has not on record the general views of representative bodies of employers on whom the main burden of any scheme ef such improvement must necessarily fall and it would accordingly welcome an expression of opinion from your Chamber / Association.

2. In the course of the examination of individual witnesses various schemes have been put forward to remedy the existing defects in housing arrangements which, it is universally recognised, constitute a stumbling block to industrial progress, especially in the larger cities. It is generally felt that employers, even where desirous of erecting model dwellings are in some cases debarred by the difficulties attendant on the acquisition of land as well as by the large capital outlay involved and that, although the welfare of labour and the development of industry are matters of public concern, it is not appropriate for Government or local authorities to bear the entire cost of remedial measures from which the resultant benefits would accrue mainly to private persons. Some co-operation between Government and employers must therefore be secured, and it has been suggested that the Commission should frame a recommendation that—where no arrangements exists for the housing of operatives or where the existing arrangements are unsatisfactory—Government should take powers, on the application of the employer concerned, to acquire at the cost of public funds sufficient land in the vicinity of the mill or factory-owner, who would then be in a position to erect accommodation of a type approved by the local sanitary authorities. This proposal, it is pointed out, has the merit that when a building has been erected on the land, it increases the security to Government for the money it has invested in the land, while it gives to employers—the majority of whom, it is believed, are genuinely anxious to provide better accommodation—a lease of land which otherwise they could not secure.

3. I am directed to invite the opinion of your $\frac{\text{Chamber}}{\text{Association}}$ and to say that it would be convenient if any suggestions which it may desire to make could be forwarded so as to reach me by the middle of February when the Commission will return from tour in the province. In the case of certain large cities the

acquisition of land in the vicinity of mills may be practicable. In such cases the Commission would like the views of your Chamber / Accociation as to the necessity and practicability of developing suburban electric railways or other cheap means of transportation to relieve the congestion in urban areas.

I have the honour to be,

SIR,

Your most obedient servant,

G. H. W. DAVIES,

Secretary, Indian Industrial Commission.

6th February 1918.

From

The Secretary,

The Indian Merchants' Chamber & Bureau,

BOMBAY.

To

G. H. W. Davies, Esquire, I. C. S.,

Secretary,

Indian Industrial Commission,

CAMP.

Sir,

With reference to your confidential letter No. 1 Cir., dated 12th January 1918, I am desired by my Committee to invite your attention to the section of the City of Bombay Improvement Trust Act relating to the schemes for the housing of working classes in Bombay which provides all the facilities contemplated in your letter. We think that in the mofussil facilities for acquiring land through Government should be given to Industrial concerns. In case Government own the

land required, they should lease to the industries for house purposes at a normal rate or in any case at a lower rate than the market rate. My Committee is also of opinion that transport facilities should be encouraged.

I have the honour to be,

Sir,

Your most obedient servant,

S. S. MEHTA.

Secretary.

APPENDIX 13.

Janmashtami Holiday.

22nd January 1918.

From

The Secretary,

The Indian Merchants' Chamber and Bureau.

To

The Secretary,

Finance Department,

Government of Bombay,

BOMBAY.

Sir,

I have been directed by my Committee to invite your kind attention to a slight change necessary to be made in respect of the list of holidays during the current year. Janmashtami or Krishna Jayanti which falls on the 29th August 1918 has been notified as a holiday on the previous day i. e 28th August 1918. Now the chief thing to be noticed in regard to the fixing up of this holiday is to see when the "Rohini Nakshatra" on which

religio-astrological emphasis is intended to be laid, sways over the day and it is, as a rule, the dawn of the day to which the holiday is affiliated. Religious temples of the Hindus, again, will observe the 29th August 1918 as the auspicious Birthday of Shri-Krishna and so it is necessary to effect this slight change in the list as already notified. My Committee regret that they would have submitted the right date in the case under consideration, should a reference have been made to them in this connection. As it is, however, they are constrained to bring to favourable consideration of the Government that since the religious observance has to be respected, it is necessary to decide on the basis of astrology and popular observance of faith in religious temples and therefore my Committee is of opinion that the Bank Holiday announced as it stands on the 28th August 1918 might be corrected and declared to be observed on the 29th, the next day, for reasons pointed out above.

I have the honour to be,
Sir,
Your most obedient servant,
S. S. MEHTA,
Secretary.

No. 2550 of 1918.
Financial Department.
Bombay Castle, 8th July 1918.

From
A. F. L. Brayne, Esquire, I. C. S.,
Under Secretary to the Government of Bombay.

To
The Chairman,
Indian Merchants' Chamber and Bureau.

Sir,

In reply to the letter dated 22nd January 1918 from your Chamber. I am directed to inform you that Government have, after careful consideration, come to the decision that the date

fixed in Government Notification No. 3450 dated 6th November 1917 for the Gokul Ashtami holiday for the year 1918 should remain unchanged. Government will consider your representation in fixing this holiday in future years.

I have the honour to be,

Sir,

Your most obedient servant,

M. K. GAZDAR.

For Under Secretary to Government.

APPENDIX 14.

Interview with the Hon'ble Mr. Cadell.

No. 23 of 1918.

Bombay Castle, Secretariat, 11th February 1918.

To

The Secretary,

The Indian Merchants' Chamber and Bureau.

Sir,

It has been suggested that, in order to prevent speculation, and to steady the prices of Indian Cotton and Indian made cloth, the following action should be taken:—

(1) In accordance with the action taken by the Liverpool Cotton Exchange, and legalised by the Government of the United Kingdom, no persons outside the cotton trade should be allowed to deal in either ready or forward cotton. The local Cotton Trades Association and the Cotton Exchange should be called on to frame rules to this effect.

(2) The Exchanges should be called upon to fix the rates now prevailing as the highest maximum rate for the settlement of forward contracts.

2. I am to request you to be so good as to favour me with the views of your Chamber on these points at your earliest convenience.

I have the honour to be,

Sir,

Your most obedient servant,

P. R. CADELL.

Controller of Prices.

15th February 1918.

From

The Secretary,

The Indian Merchants' Chamber and Bureau,

BOMBAY.

To

The Hon'ble Mr. P. R. Cadell, I. C. S.,

Controller of Prices,

BOMBAY.

Sir,

With reference to your confidential letter No. 23 of 1918, of the 11th instant, I have the honour to state that it was considered by my Committee at their meeting held to-day and in view of the very important bearing of the questions mentioned there in by you, on the cotton Mill Industry and the Cotton Trade of India the same has been referred to a special Sub-Committee for full consideration.

It is believed by many in the cotton trade that the statistical strength of the Indian Cotton Crop is considerable under the present circumstances; and in order to enable my Committee to lay before Government practical suggestions regarding control of cotton rates, it would be a help to them if you would kindly indicate whether Government would be prepared to control the quantity of this season's Cotton offered for Export.

I have the honour to be,

Sir,

Your most obedient servant,

S. S. MEHTA,

Secretary.

20th February 1918.

From

The Secretary,

The Indian Merchants' Chamber and Bureau,

BOMBAY.

To

The Hon'ble Mr. P. R. Cadell, I. C. S.,

Controller of Prices,

BOMBAY.

Sir,

In continuation of my letter of the 15th instant. I have been desired by my Committee to communicate the following:—

My Committee approve of the suggestion made in Para of your letter No. 23 dated 11th instant that "in accordance with the action taken by the Liverpool Cotton Exchange and legalised by the Government of the United Kingdom no persons out side the cotton trade should be allowed to deal in either

ready or forward cotton." My Committee further desire that before the Cotton Trade Association and the Cotton Exchange finally frame necessary rules, this Chamber should be duly consulted.

As to Para 2, my Committee is of opinion that the prices of cotton have advanced owing to the strong statistical position of the cotton trade. Unless therefore Government are prepared to control export, the prices of actual cotton should not be controlled.

My Committee believe that the control of exports will have a salutary effect on the prices of cotton. If, however, actual experience shows it to be necessary, the question of controlling prices for forward contracts may be considered in the light of the experience.

I have the honour to be,

Sir,

Your most obedient servant,

S. S. MEHTA,

Secretary.

APPENDIX 15.

Government Statistics.

Nos. 902 946.

DEPARTMENT OF STATISTICS, INDIA.

Calcutta, the 18th February 1918.

FROM

G. FINDLAY SHIRRAS, ESQ., M.A. I.E.S.,

DIRECTOR OF STATISTICS,

To

The Collectors of Customs.

SIR,

I have the honour to invite a reference to paragraph 6 of the Resolution of the Government of India, in the Department of Commerce and Industry, No. 93-100-17 dated the 8th Janu-

ary, 1912, and to state that the question of additions to, or alterations in, the lists of articles separately specified in the sea-borne trade returns is now under consideration in this Department.

2. I enclose two statements showing the suggestions which have been received in this Department, and request that you will be so good as to forward proposals or modifications you may wish to make in the lists now in use and also favour me with your opinion as to the changes proposed above.

I have the honour to be,
Sir,
Your most obedient servant,
G. FINDLAY SHIRRAS.
No. 953 Date 18-2-18.
DIRECTOR OF STATISTICS.

Copy forwarded to the Secretary; Indian Merchants' Chamber and Bureau, Bombay, with the request that suggestions, if any, may be forwarded to this Department by the 15th March, 1918.

G. FINDLAY SHIRRAS,
Director of Statistics.
9th March 1918.

From

The Secretary,
Indian Merchants' Chamber and Bureau,

To

G. Findlay Shirras Esquire, M. A., I.C.S.
Director Statistics,
CALCUTTA.

Sir,

With reference to your letter No. 942-946 of the 18th ultimo, I have the honour to state that it was discussed by my Committee who considered the question of additions to or

alterations in the list of articles specified in the Sea-Borne Trade Returns published by your Department. They have directed me to invite your attention respectfully to the suggestions made by them last year in connection with the same by their letter dated 19th March 1917 to which they still hold.

I have the honour to be,

Sir,

Your most obedient servant,

S. S. MEHTA,

Secretary.

APPENDIX 16.

Contract of Iron and Steel.

No. 654- of 1918.

Revenue Department.

Bombay Castle. 12th March 1918.

From

A. F. L. Brayne, Esquire, I. C. S.,

Under Secretary to the Goverment of Bombay

To

The Secretary,

Indian Merchants' Chamber and Bureau, Bombay.

Sir,

The Indian Munitions Board have intimated that they consider it necessary to take immediate steps under the Defence of India (Consolidation) Rules to control dealings and to notify maximum prices in respect of the following articles:—

Steel plates.

Galvanized corrugated iron and plain iron sheets.

Steel beams, girders. channels, angles and other rolled sections.

Steel wire rope.

Tin plate.

Copper piping.

Pig iron.

In order that legitimate trade interests may be adequately safeguarded in such measures of control as it may be decided to adopt, and in order that Government may have competent advice as to the maximum prices to be fixed, it is proposed to appoint a small committee as soon as possible in Calcutta to advise Government on the following questions:—

(*a*) The precise way in which control should be exercised over dealings in the particular articles mentioned above, with a view to Government being able to secure at short notice any existing stocks which may be required for war purposes, and of conserving stocks primarily for such use, with due regard to other demands;

(*b*) The maximum prices to be fixed for the controlled articles:—

(*c*) The basis for determining the maximum price to be fixed hereafter for such other articles as it may be decided to control hereafter (with the object if practicable, of avoiding the inconvenience of assembling a special committee for consideration of such case.)

2. As to the constitution of the Committee it is proposed that it should be presided over by a Member of the Indian Munitions Board and should contain as Members, representatives of the commercial community principally interested in the particular classes of material specified, from the chief commercial centres, with, if necessary, official representatives from those places.

3. I am accordingly directed to request that the Chamber may be asked to nominate a member to serve on the proposed Committee. As the matter is very urgent and the Government of India propose to arsemble the Committee about the end of this month the reply to this letter may be submitted not later than the 18th instant. The precise date of the meeting will be communicated to you when it is settled.

I have the honour to be,

Sir,

Your most obedient servant,

L. BRAYNE,

Under Secretary to Government.

Bombay, 18th March 1918.

To

A. F. L. Brayne, Esquire, I.C.S.

Under Secretary to the Government of Bombay.

Sir,

With reference to your letter No. 654 dated the 12th instant, I have the honour to state that the same was put before my Committee, for consideration.

They have directed me to inform you that they have nominated for representing the Chamber Mr. Mulji Haridas, a member of this Chamber and a local leading merchant dealing in the commodities specified in your letter. I therefore beg to request you to be good enough to communicate to me the precise date of the Meeting.

I have the honour to be,

Sir,

Your most obedient servant,

S. S. MEHTA,

Secretary.

No. 920 W. of 1918,
Revenue Department.
War.

Bombay Castle, 17th April 1918.

From

A. F. L. Brayne, Esquire, I. C. S.,

Under Secretary to the Government of Bombay;

To

The Secretary,

Indian Merchants' Chamber and Bureau.

Sir,

In continuation of Government letter No. 873-W. dated 13th April 1918, I am directed to inform you that the Indian Munitions Board have decided to hold in the rooms of the Bengal Chamber of Commerce, Calcutta, on the 26th April 1918, at 3 p. m., the proposed meeting to consider the steps to be taken to control dealings in certain articles and to notify the maximum prices in respect of them. I am to request that Mr. Mulji Haridas, the Chamber's representative, may be informed accordingly.

I have the honour to be,

Sir,

Your most obedient servant,

A. F. L. BRAYNE, I. C. S.

Under Secretary to Government.

APPENDIX 17.

Control of Cotton Cloth and Raw Cotton.

No. 335—C. P.

Revenue Department.

Bombay Castle, 15th March 1918.

From

The Hon'ble Mr. P. R. Cadell, C. I. E., I C. S.,
Controller of Prices;

To

The Secretary,
Indian Merchants' Chamber and Bureau.

Sir,

I am directed to forward for the information of your Chamber a copy of the Press Note No. 335-C. P. of today's date.

I have the honour to be,
Sir,
Your most obedient servant,
M. BALSARA,
for Controller of Prices.

PRESS NOTE.

The Governor in Council is pleased, under the authority of the Government of India. to appoint the Honourable Mr. P. R. Cadell, C. I. E., I. C. S., Controller of Prices, to preside over the Committee appointed by the Government of India to consider the question of exercising control over the price of cotton cloth, and over the price of, or operations in, raw cotton. Mr. J. D. F. Engel, Assistant Controller of Cotton Cloth Prices will act as Secretary of the Committee.

2. The Committee will sit in Bombay at as early a date as possible, which will be announced shortly.

3. The main questions before the Committee will be—

(1) whether it is possible to introduce a scale for mills' charges for cotton cloth ;

(2) if such a scale is possible, on what basis it should be fixed;

(3) whether in order to regulate the price of cotton cloth it is necessary to control the price of, or operations in, raw cotton ;

(4) if so, in what manner the control should be applied.

4. The bodies noted below are requested to favour the Committee with *any statement of their views which they may wish to set out*, and to state whether they *wish to send representatives* to state their views personally, and if so, the names of such representatives :—

The Chamber of Commerce, Bombay.

The Millowners' Association, Bombay.

The Millowners' Association, Ahmedabad.

The Cotton Trade Association, Bombay.

The Bombay Cotton Exchange.

The Indian Merchants' Chamber and Bureau.

The Native Piece-Goods Merchants' Association, Bombay.

The Chamber of Commerce, Karachi.

The Chamber of Commerce, Madras.

The Chamber of Commerce, Calcutta.

The Upper India Chamber of Commerce, Cawnpore.

5. Private individuals who wish their views to be placed before the Committee are requested to send them as concisely as possible to the Secretary. If they wish to be examined per-

sonally, they should inform the Secretary accordingly, but it will be remembered that the Committee is desired to submit its report as early as possible, and they will not therefore be able to ask more gentlemen to appear before them than appears to be necessary.

GOVERNMENT OF BOMBAY.

REVENUE DEPARTMENT.

No. 335-C. P.

Bombay Castle, 15th March 1918.

Forwarded to—

The Commissioner in Sind,
The Commissioner, N. D.,
The Commissioner, C. D.,
The Commissioner, S. D.,
The Director of Agriculture,
The Oriental Translator to Government,
The Superintendent, Government Printing, Bombay.
The Manager, Government Central Press,
The Editors' Tables and Editors of Newspapers,
All Registered Libraries in the City of Bombay,
The Non-official Members of the Legislative Council,
The Political Department,
The Separate Department (for the Reading Room for the Members of the Legislative Council),
*The Secretary, Chamber of Commerce, Bombay,
*The Secretary, Millowners' Association, Bombay,
*The Secretary, Millowners' Association, Ahmedabad.
*The Secretary, Cotton Trade Association, Bombay,
*The Secretary, Bombay Cotton Exchange,
*The Secretary, Indian Merchants' Chamber and Bureau,
*The Secretary, Native Piece Goods Merchants' Association, Bombay,

*The Secretary, Chamber of Commerce, Karachi,
*The Secretary, Chamber of Commerce, Madras,
*The Secretary, Chamber of Commerce Calcutta,
*The Secretary, Upper India Chamber of Commerce, Cawnpore.

* By letter,

P. R. CADELL,
Controller of Prices.

No. 341-C. P.

Secretariat.

Bombay, 16th March 1918.

From

The Hon'ble Mr. P. R. Cadell, C.I.E., I.C.S.,
Controller of Prices;

To

The Secretary,
Indian Merchants' Chamber and Bureau.

Sir,

I am directed to forward for the information of your Chamber a copy of the Press Note No. 341-C.P. of to-day's date.

I have the honour to be,
Sir,
Your most obedient servant,
N. BALSARA,
for Controller of Prices.

PRESS NOTE.

In continuation of Press Note No. 335-C.P. dated the 15th March 1918, the Governor in Council is pleased to direct that the bodies noted below should be requested to *favour the Com-*

mittee appointed to consider the question of exercising control over the price of cotton cloth and over the price of, or operations in, raw cotton, *their views as specified* in paragraph 4 of the Press Note mentioned above :—

The Cotton Brokers' Association,
The Marwari Chamber of Commerce,
The Cotton Merchants' and Muccadums' Association.

GOVERNMENT OF BOMBAY.

REVENUE DEPARTMENT.

No. 341-C.P.

Bombay Castle, 16th March 1918.

Forwarded to—

The Commissioner in Sind,
The Commissioner, N. D.,
The Commissioner, C. D.,
The Commissioner, S. D.,
The Director of Agriculture,
The Oriental Translator to Government,
The Superintendent, Government Printing, Bombay,
The Manager, Government Central Press,
The Editors' Tables and Editors of News-papers,
All Registered Libraries in the City of Bombay,
The Non-official Members of the Legislative Council,
The Political Department,
The Separate Department (for the Reading Room for the Members of the Legislative Council),
*The Secretary, Chamber of Commerce, Bombay,
*The Secretary, Millowners' Association, Bombay,
*The Secretary, Millowners' Association, Ahmedabad,
*The Secretary, Cotton Trade Association, Bombay,
*The Secretary, Bombay Cotton Exchange,
*The Secretary, Indian Merchants' Chamber and Bureau,

*The Secretary, Native Piece Goods Merchants' Association, Bombay,

*The Secretary, Chamber of Commerce, Karachi,

*The Secretary, Chamber of Commerce, Madras,

*The Secretary, Chamber of Commerce, Calcutta,

*The Secretary, Upper India Chamber of Commerce, Cawnpore,

*The Secretary, Cotton Brokers' Association, Bombay,

*The Secretary, Marwari Chamber of Commerce, Bombay,

*The Secretary, Cotton Merchants' and Muccadams' Association, Bombay.

*By letter.

P. R. CADELL,
Controller of Prices.

27th March,

From

The Secretary,
The Indian Merchants' Chamber and Bureau,
BOMBAY.

To

The Hon'ble Mr. P. R. Cadell, C. I. E., I. C. S.,
Controller of Prices,
BOMBAY.

Sir,

I beg to acknowledge the receipt of your two letters No. 335, 15th instant and 341, 16th instant, which were both placed before my Committee for consideration; and I enclose herein a statement of their opinion for the consideration of your Committee.

I have the honour to be,
Sir,
Your most obedient servant,
S. S. MEHTA,
Secretary.

27th March 1918.

STATEMENT OF THE

INDIAN MERCHANTS' CHAMBER AND BUREAU.

We are of opinion that:—

(1). It is not desirable to regulate the price of home made cloth unless prices of foreign imports are regulated.

(2). Secondly, in order to regulate the price of cotton-cloth it will be necessary to regulate the price of cotton.

(3). Unless Government are prepared to control export of cotton, the prices of actual cotton should not be controlled.

(4). If the Committee decide to recommend the control of exports, we are of opinion that a scheme may be considered for licensing all consumers and exporters by which those that are not interested in cotton may be eliminated from dealing in cotton. It may be necessary to give licenses to the regular cotton trade, but in that case some safeguard shall have to be provided for preventing some merchants from holding cotton for an indefinite period of time.

The Committee realize that the proposals made above are drastic but we have to impress upon the Committee that unless organized rationing of cotton is put into force, as has happened in the case of many other commodities owing to extraordinary circumstances, the position of cotton trade may become critical with the consequent rise in the prices of piece-goods.

S. S. MEHTA,

Secretary.

APPENDIX 18.

The 10th of Moharrum as an additional Post Office Holiday for Mahommedans.

No. 993-A of 1918.

Financial Department.

Bombay Castle, 9th March 1918.

From

A. F. L. Brayne, Esquire, I. C. S.,

Under Secretary to the Government of Bombay;

To

The Secretary,

Indian Merchants' Chamber and Bureau.

Sir,

I am directed to forward copies of a letter from the Government of India, Finance Department, No. 1659-D dated 9th February 1918 and enclosure and to request that you will favour this Government with the opinion of the Chamber and Bureau on the proposal made in it.

I have the honour to be,

Sir,

Your most obedient servant,

A. F. L. BRAYNE

Under Secretary to Government.

No. 1659-D.

Government of India.

Department of Commerce and Industry.

Delhi, the 9th February 1918.

From

P. C. Tallents, Esquire, I. C. S.,

Under Secretary to the Government of India;

To

The Chief Secretary to the Government of Bombay.

Sir,

I am directed to forward a copy of a letter from the Honorary Secretary, All-India Shia Conference, Lucknow, dated the 17th September 1917, and enclosure, requesting that the tenth day of Muharrum may be added to the list of Post Office holidays for Mahommedans.

2. The Government of India are inclined to favour the proposal to increase to seven the existing six additional Post Office holidays mentioned in Resolution No. 4675-4722-51 recorded in this Department on the 25th June 1911, as modified in the case of the Burma Circle, by Resolution No. 4635 P. & T., dated the 26th April 1917. But, before making any addition to the list, they would be glad if His Excellency the Governor in Council after consulting the business community and other persons interested, would favour them with an expression of his opinion on the subject.

I have the honour to be,

Sir,

Your most obedient servant,

sd/ P. C. Tallents,

Under Secretary to the Government of India.

Copy of a letter from the Honorary Secretary, All-India Shia Conference, Lucknow, to the Private Secretary to His Excellency the Viceroy of India, Simla, No. 3926 dated the 17th September 1917.

I have the honour to submit herewith copy of Resolution No. 16 passed by the 10th Annual Sessions of the All-India Shia Conference for favourable consideration.

Copy of Resolution No. 16 passed by the 10th Annual Sessions of the All-India Shia Conference.

It was unanimously resolved that this Conference most respectfully requests the Government of India to add the 10th of Muharrum in the list of holidays of Post Offices for Mahommedans.

3rd April 1918.

From

The Secretary,

Indian Merchants' Chamber and Bureau.

To

A. F. L. Brayne, Esquire, I. C. S.

Under Secretary to the Government of Bombay,

BOMBAY.

Sir,

With reference to your letter of the 9th ultimo, I have been directed by my Committee to state that they have no objection to the tenth day of Muhorrum being added to the list of Post Office Holidays for Mahommedans.

I have the honour to be,

Sir,

Your most obedient servant,

S. S. MEHTA,

Secretary.

APPENDIX 19.

Goods Classification.

The Madras & Southern Mahratta Railway Co. Ld.

The General Traffic Manager's Office.

MADRAS.

25-3-1918.

To

The Secretary,

The Indian Merchants' Chamber and Bureau,

Old Telephone Buildings,

19, Bank Street, Fort, Bombay.

Dear Sir,

In reply to your letter of the 18th instant, I beg to enclose Copy of my letter No. R. G. 138/05/K of 28th February 1918 and shall be glad to hear from you early that your Chamber has accepted the proposals. I may add that the following Chambers have already approved of our proposals.

The Chamber of Commerce, Bombay,

" " Coconada.

The Madras Trades Association.

Yours faithfully,

Sd. General Traffic Manager.

(Enclosures. 4)

Copy of letter No. R. G. 138/05/ K dated 28th February 1918, from the General Traffic Manager, Madras, to the Secretary, Indian Merchants' Chamber and Bureau, Bombay.

In continuation of my letter No. R. G. 138/05/ K dated 1st December 1916, I beg to inform you that, with a view to obtain uniformity and simplification of Goods Tariffs, the Madras and Southern Mahratta Railway have reduced from 1911 to date the classification from a higher to a lower one for three hundred and eighty one commodities shown in the General Classification of Goods. On the other hand the Railway Board have sanctioned the application on the Madras and S. M. Railway of the general classification for fifty three commodities only for which the old M. S. M. Ry., classification used to be lower. There are now left ten exceptions on the M. S. M. Railway as detailed below, and as it is my desire to adopt the General Classification completely without any exception, I shall be glad if you will assist me by accepting the proposals I make in this letter. The Railway Board naturally, before agreeing to the change, require me to consult your Chamber. I must express my apologies for a somewhat lengthy explanation against each commodity but I want the matter thoroughly understood.

For ready reference, I give below the explanations of the symbols used in this letter and the details of the class and schedule rates referred to.

R. R. means Railway risk.
O. R. „ Owner's risk.
B. G. „ over the Broad Gauge section.
M. G. „ over the Metre Gauge section.

W/ followed by a figure indicates the minimum weight for charge per wagon in maunds, i. e. W/ 300 means that the rate applies to a minimum load of 300 maunds per wagon.

CLASS RATES.

1st class	...	333	pie per	maund per	mile
2nd „	...	500	„	„	„
3rd „	...	666	„	„	„

Schedules M and O calculated on the following bases:—

	pie per maund per mile	
M —	25	for the 1st 100 miles.
	20	„ distances 101 to 200 miles.
	18	„ „ 201 to 300 „
	17	„ „ 301 to 600 „
	15	„ „ above 600 miles.
O —	333	for the 1st 200 miles.
	25	„ distances 201 to 300 miles.
	20	„ „ 301 to 400 „
	166	„ „ above 400 miles.

1 BETEL LEAVES.

General Classification.	3rd class R. R. 2nd „ O. R.
M. S. M. Ry. Exception.	2nd class R. R. 1st „ O. R.

This commodity is not carried by goods train for long distances, long distance traffic being carried generally by passenger train as parcels at half parcels rate. The proposal to adopt the higher classification for betel leaves sent by goods train will not therefore affect merchants adversely.

2 BETEL NUTS.

General classification 2nd class R. R.

M. S. M. Ry. Exception 1st „ R. R.

W/150 M. G.

W/300 B. G.

The exceptional classification of 1st class for wagon loads is used only between a few pairs of stations, the bulk of the traffic being carried in small quantities at the 2nd class of the General Classification. In order to avoid loss to merchants dealing in large quantities this Railway would be prepared to quote special rates based on the 1st class rate in cases where the traffic has amounted to more than 2000 maunds per half year.

3 COFFEE IN PARCHMENT.

General Classification 2nd class R. R.
M. S. M. Ry. Exception 1st „ R. R.

The exceptional classification 1st class is only applicable to coffee in parchment and not to coffee cleaned. The traffic in the former is insignificant and the exception may therefore be removed without affecting trade.

4 GARLIC.

General Classification 2nd class R. R.
M. S. M. Ry. Exception 1st „ R. R.

We charge O schedule rate at owner's risk for garlic on actual weight which is lower for distances over 200 miles than the 1st class rate at Railway risk quoted as an exception over this Railway. The owner's risk rate viz the schedule O rate, is always used and the exceptional classification is practically a dead rate and may therefore be safely withdrawn.

5 GHEE.

General Classification	3rd class R.R. 2nd „ O.R.
M. S. M. Ry. Exception	2nd class R.R. 1st „ O.R.

In connection with this commodity I may point out that a special effort was made to have the general classification reduced from 3 RR, 2 OR, to 2 RR, 1 OR, i e., to the level of our exceptional classification but as the majority of Railway have always charged the higher classification, they have declined to come down Hence I am compelled to increase our classification to the level of the General Classification. The traffic is chiefly carried between Guntur and Shalimar for which we quote a special rate which is considerably lower than the first class rate. I should be prepared to quote other special station to station rates in cases where the traffic has hitherto been 2000 maunds or more per half year. There would be only a few cases of this description, as this commodity is not transported very much in the south of India.

6 GROUND NUTS.

General classification	2nd class R. R.
M. S. M. Ry. Exception.	1st ,, R. R.

There is a proposal at present before one of the Committees of the Indian Railway Conference Association to reduce the general classification for this commodity to the level of our exceptional classification, i. e., 1st class RR. Whether this is finally adopted or not by all Railways generally, it is really immaterial to the merchants doing business with this Railway, as groundnuts are always carried over this Railway at schedule O rate on actual weight which is a lower rate than the 1st class rate for distances over 200 miles. The M. S. M. Ry. exceptional classification 1st class may safely be withdrawn, that is, if the other Railways in India do not agree to reduce the General Classification from 2nd to 1st class.

7 & 8. LEAVES BIDDY.

LEAVES MANDHAR.

General Classification	3rd class R.R. 2nd „ O.R.
M. S. M. Ry. Exception.	2nd class R.R. 1st „ O.R.

These are dry leaves which give very light loading to wagons and as almost all Railways in India charge the class of the General Classification, there is no reason why one or two Railways should adopt a lower classification and thus mar uniformity and simplification of Tariffs. We have already special station to station rates for dry leaves between important stations and any more cases requiring exceptional treatment due to the enhanced classification would receive consideration.

9 PEPPER.

General Classification	2nd class R.R.
M. S. M. Ry. Exception	1st „ R.R.

The M. S. M. and S. I. Railways are the only Railways who are charging pepper at a rate lower than the General Classification. Pepper is a valuable spice and could well bear the 2nd class rate. We have already special station to station rates lower even than our present exception for pepper between important stations and any cases requiring exceptional treatment due to the enhanced classification would receive consideration.

10 HIDES AND SKINS.

General Classification	In any quantity 2nd class R.R. In wagon loads. W/200 BG. } 1st „ O.R. W/100 MG. }
M. S. M. Ry. Exception.	Hides and skins wet. I. O. R. do. do. wet. } I. R. R. W/200 B.G. W/100 M.G. do. dry. I.R.R.

The exceptional classification over this Railway was also in force over the G. I. P., E. I., B. B. & C. I., O. & R. and B. & N. W. Railways but those Railways have already obtained the Railway Board's sanction to its removal and to the adoption of the General Classification over their lines, and we have also decided to do likewise. We have schedule M. for dry hides and skins and schedule O for wet hides and skins, at O.-R. for wagon loads of 300 maunds B.G. and 160 maunds M. G. We have also special station to station rates between important points, and the bulk of the traffic is carried at these rates and the schedule rates, which are all lower than the exceptional classification of 1st class. The risk of damage to other goods by carrying this commodity in small quantities is great and I trust your Chamber will see the justification of our claim to carry small quantities of this commodity at a reasonably high rate, while special rates lower than the 1st class are charged for wagon loads.

P. S.

I may specially mention that the M. S. M. Railway has not retained a single rate higher than the General classification of goods, although their old classification contained several such rates.

26th April 1918

To

The Secretary, Railway Board,

SIMLA.

Dear Sir,

With reference to your letter No. R. G. 138/05/ K/dated 25th March 1918 I am desired by my Committee to inform you that they have no objection to your proposal being adopted.

Yours faithfully,

S. S. MEHTA,

Secretary.

APPENDIX 20.

Circular to all Companies and the holders of Government Auditors' Certificate.

Bombay 14th March 1918.

To

The Secretary,

The Indian Merchant's Chamber and Bureau,

BOMBAY.

Dear Sir,

We beg to annex herewith copies of (a) Circular No. VI styled "Circular to all Companies and the holders of Government Auditors' Certificate", (b) Circular No. VII and (c) our reply addressed to the Registrar of Joint Stock Companies and Secretary, Auditors Council, in reference to the two Circulars.

We need not repeat what we have already stated in our said reply, but we beg to state that the decision of Government as contained in the said Circular No. VI will tend to create invidious distinction between Chartered and Incorporated Accountants on the one hand and Certificated Auditors on the other. As the subject matter of the Circular affects also the interests of the Commercial Community, we have to request you to submit the same to your Committee for their consideration, and we may suggest that your Committee may make a representation to the said officer of Government regarding the utter inadvisability of carrying into effect their said decision.

We are,

Dear Sir,

Yours faithfully,

Sd. KAIKHOSRU N. CHANDABHOY,

Sd. HORMASJI D. JASSOOBHOY.

Bombay 9th March 1918.

To

P. S. Mellor, Esqr.,
Registrar of Companies and
Secretary, Auditors Council,
BOMBAY.

Sir,

We are in receipt of Circular No. VI styled "Circular to all Companies and the holders of Government Auditors' Certificates." We beg to differ, with the highest respect and deference, from the dicision arrived at by Government and state our reasons as under:—

The said decision is calculated to lower the Certificated Auditors in the eyes of business men as a class of professional people who have to work under certain restrictions from which Chartered and Incorporated Accountants are exempted. The decision, besides ruining the future prospects of Certificated Auditors, will deal a death-blow to the business already developed by them as the result of honest, patient, and uphill work, extending over a long period. It will dissolve at a stroke the firms of Certificated Auditors built up by the joint and combined efforts of the partners, and deprive them of the benefits of joint partnership and mutual assistance and co-operation, which are so essential to the success and prosperity of any business. We beg respectfully to submit that the said decision is extremely reactionary and unwarranted by precedents or established custom. We do not know of any legislation in reference to any lawful profession that has for its object, whether directly or indirectly, the deprivation of the rights of individuals to build up an honest business by their joint efforts, and we fail to see why the profession of Certificated Auditors should have been singled out for proscription. Our Firm of Chandabhoy and Jassoobhoy has been in existence for over ten years,

and we have not the least hesitation in saying that our present success is solely due to our joint and strenuous exertions, and there is not the least doubt that our individual efforts could hardly have afforded us the scope of usefulness which our united labours have yielded. We do not impute any motive to Government. On the contrary, we honestly believe that the said decision of Government shows their extreme solicitude for the profession of Auditors, but we cannot help saying that the course Government have adopted tends to lower the class of Certificated Auditors in the eyes of people and restrict, within very narrow bounds, the field of their professional activity and thereby reduce to the lowest minimum their money-earning capacity. Government might well say that their said decision is no bar to the formation of partnership, which is a matter of mutual understanding, but we emphatically say that the said decision will not only lead to the disruption of existing partnerships, but prevent the formation of partnerships in future, for, after the decision in question, no Joint Stock Company will recognise the partner of its Certificated Auditor as a qualified person to act on his behalf during his illness or absence due to unavoidable causes. If Government have had some sad experience in connection with any Firm of Certificated Auditors, Government have no doubt the widest prerogatives of bringing to book the delinquents by withdrawing or suspending their certificates, or by resorting to any other legal remedies. But it is a misfortune that honest and conscientious men, who have been zealously doing their duties, should have to suffer for the faults of others. The main object of Government is perhaps to ascertain whether the signature of a Firm is made by a duly Certificated Auditor, and we beg to submit that this can easily be done by calling upon Agents of Joint Stock Companies to file with the Balance Sheet a Statement, in some prescribed form, over the signature of the Certificated Auditor as to who has signed the Firm's name.

We trust you will not regard it a presumption on our part when we say that before a decision of Government on any matters connected with the profession of Certificated Auditors is published, at any rate the views of the members of the profession should be sounded. We are quite in the dark as to the reasons and objects of Government in publishing the said decision, and we dare say the Certificated Auditors of the Bombay Presidency, who are a class of honest, conscientious, and zealous workers, will consider it a great boon and a great privilege if Government are so good as to take them in their confidence, so that they may, with all respect and deference, submit their views for Government's consideration. We have not the least doubt some course can be suggested conducive to the maintenance of the prestige and reputation of Certificated Auditors and as well meeting the requirements of Government; and we need hardly assure you, on behalf of all our professional brethren of the certificated class practising in the Bombay Presidency, that we shall all consider it our bounden and loyal duty to support Government in all their efforts for the better regulation of the audits of Joint Stock Companies.

We trust you will kindly convey to Government our views on their said decision, and as we know you as a fair-minded and sympathetic officer of Government, we have no doubt that your recommendatory suggestions will induce Government to change their said decision and adopt some other course in view of their requirements.

We have the honour to be,

SIR,

Your most obedient servants,

KAIKHOSRU N. CHANDABHOY,

HORMASJI D. JASSOOBHOY.

Companies Registration Office.

Bombay, 6th March 1918.

CIRCULAR NO. VI.

Circular to all Companies and the Holders of Government Auditors' Certificates.

The question of the appointment of Firms of Auditors as Companies' Auditors and the signature of Companies Balance Sheets in the Firm's name has lately been considered by Government and all persons responsible for Companies' management and all certificated auditors are hereby notified that in accordance with the decision of Government:—

(i) The appointment of a firm of Auditors (apart from firms, all of whose members are Chartered or Incorporated Accountants) by a resolution of the shareholders at a General Meeting is void. The appointment must be of a person holding a certificate issued by Government entitling him to audit a Company's Balance Sheet.

(ii) Such appointments are entirely personal, and Government has no power to issue certificates to Firms.

(iii) All Balance Sheets, with the exception of those audited by Firms, all of whose members are either Chartered or Incorporated Accountants, must in future be signed by the Auditor or Auditors appointed by the shareholders in his or their own personal name or names.

(iv) From and after the 1st April 1918 no Balance Sheet not signed as indicated above will be accepted by the Registrar.

(v) No Firm of Auditors may in future style itself "Government Certificated Auditors", since Government does not recognise firms but only individuals.

N. B. This circular is forwarded to all Companies and all Government Certificate Holders. Subsequent claims not to have received it, will not be accepted as valid excuses for non-compliance with the directions mentioned therein.

The receipt of this Circular should be acknowledged.

Sd. P. S. MELLOR.
Registrar of Companies and
Secretary, Auditors Council,
Bombay.

To

Kaikhosru Nusserwanji Chandabhoy, Esquire,
Auditor, Master Mansion Chaupaty,
BOMBAY.

13th April 1918.

From

The Secretary,
Indian Merchants' Chamber and Bureau,
BOMBAY.

To

P. S. Mellor, Esquire,
Registrar of Companies,
BOMBAY.

Sir,

My Committee desire to draw your attention to the inconveniences that would be caused by carrying out your Circular No. 6 of the 6th March 1918. My Committee understand that a strong representation has been sent to you by the Society of Professional Accountants against the said Circular and they are in complete agreement with the arguments used therein and trust that you will see your way to rescind that Circular.

We believe that your Circular is based on orders from Government who are of opinion that under the Indian Companies Act, auditors' certificates are to be given to individuals and not to firms. My Committee is of opinion that the word 'person' ought to include a firm also. If, however, the legal advisors of Government are not of that opinion, the best course would be to amend the Act and not to take any action that would hamper the work of auditing Companies' accounts.

I beg to request you therefore to be good enough to submit this letter to the Auditors' Council at their next meeting for their favourable consideration.

I have the honour to be,
Sir,
Your most obedient servant,
S. S. MEHTA,
Secretary.

APPENDIX 21

Control of Capital.

No. 423 rl (A).

GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

Delhi, the 23rd March 1918.

From

A. A. L. Parsons, Esquire, I.C.S.,
Under Secretary to the Government of India.

To

The Secretary,
Indian Merchants' Chamber and Bureau.

Sir

I am directed to forward herewith a copy of a press communique issued on the 22nd March 1918 on the subject of the administration of the Act to control the withdrawal of capital from the money market by companies.

2. I am to request that your Chamber will be good enough to nominate with as little delay as possible a representative on the advisory committee in Bombay.

I have the honour to be,
Sir,
Your most obedient servant,

A. A. L. PARSONS,
Under Secretary to the Government of India.

No. 424- rl (A)

Copy forwarded to the Controller of Currency and the Accountant General $\frac{\text{Bengal}}{\text{Bombay}}$, for information.

WITH FINANCIAL SECRETARY'S COMPLIMENTS.

Press Communique.

The Bill to control the withdrawal of capital from the money market by companies was passed into law on Friday the 22nd March, and its provisions therefore have effect from that date. It is notified for general information that any company desiring to register itself as a company, to increase its share capital, issue debentures, or to call up unpaid capital should apply for the requisite license to the Finance Department, Government of India. Such application should be accompanied, in the case of a new company, by a copy of its proposed prospectus, the Memorandum of Association, and in any case by such particulars as the company may desire to put forward in support of its application.

A duplicate copy of the application and of the above papers should be forwarded to the Controller of Currency in all cases, and in the case of companies registered, or to be registered in the Bombay Presidency, a triplicate copy should also be sent to the Accountant General, Bombay. As was explained

by the Finance Member in the Imperial Legislative Council in connection with the bill, advisory committees are about to be formed in Calcutta and Bombay. These will be convened when necessity arises, by the Controller of Currency, Calcutta, or the Accountant General, Bombay, as the case may be, to consider applications made in the Bengal and the Bombay Presidencies. These committees will consist of:—

For Calcutta, the Controller of Currency, a representative nominated by the Bengal Chamber of Commerce, a representative nominated by the Bengal National Chamber, and a nominee of the Local Government.

For Bombay, the Accountant General, Bombay, a representative nominated by the Bombay Chamber of Commerce, a representative of the Indian Merchants' Chamber and Bureau and a nominee of the Local Government.

It is proposed, for the present at any rate, only to appoint committees for Bengal and Bombay, since as has been explained by the Finance Member, the bulk of the more important floatations will probably occur in these provinces. The question of extending these arrangements to other large provincial centres will, if necessary, be considered later.

As was further announced by the Finance Member, licenses will be granted as a matter of course in cases in which the capital to be raised by a company either initially or by means of further calls does not exceed Rs. 1 lakh in all during the currency of the Act.

Delhi,
The 22nd March 1918.

27th March 1918

From

The Secretary,

The Indian Merchants' Chamber and Bureau,

BOMBAY

To

A. A. L. Parsons, Esquire, I. C. S.,

Under Secretary to the Government of India,

DELHI.

Sir,

With reference to your letter No. 423 of the 23rd instant, covering a copy of the Press Communique on the subject of the administration of the Act to control the withdrawal of Capital from the money market by Companies, I have the honour to inform you that my Committee has nominated Sir Vithaldas D. Thackersey. Kt., Chairman, of this Chamber as a representative on the advisory Committee in Bombay.

I have the honour to be,

Sir,

Your most obedient servant,

S. S. MEHTA,

Secretary.

APPENDIX 22.

Second interview with The Hon'ble Sir Williaim Meyer

The Chairman's Speech.

On behalf of the Indian Merchants' Chamber and Bureau I once more have the pleasure to welcome you in our midst. We are grateful for the opportunity afforded to us by your presence here to-day to discuss one or two important matters.

The first matter which my Chamber would like to discuss with you is the question of fresh capital issues by public companies. We appreciate the reasons which have led Government to pass the India Companies Restriction Act and on the principle we are not opposed to that policy. At the same time it cannot be denied that undue restriction might jeopardise the industrial expansion of the country in which both Government and the people are ready to co-operate. We have read carefully the assurance given by Government during the debate on the Bill and later on in your reply to the Bengal Chamber of Commerce. We also recognise the importance of appointing Advisory Committees in Bombay and Calcutta, but we think that the industrial interests of India demand that Government should considerably relax the conditions laid down by them. In your speech in introducing the Bill you laid down the following considerations before a license could be granted:—

(1) Would the enterprise be likely to attract money which would otherwise go into Government Loans or Treasury Bills.

(2) If so, is it still justified on the ground that it is nevertheless useful, in these war circumstances as being of assistance in the speeding up of war material or likely to result in increase of other production which would save tonnage on imports from home ?

You have also accepted the principle that in some cases companies may be allowed to be floated on condition that funds should in the first instance be lent to Government.

My Committee think that Government might safely allow companies to be floated which have for their object the industrial development of the country irrespective of condition No. 2 which provides only for such companies as would be useful

directly or indirectly for war purposes. We however approve of the conditions before license is granted that those Companies should invest their funds in the first instance in Government Loans until they can be used for the legitimate purposes of the company. Our reasons are that with the easy money market it may be possible to raise large sums of money for industrial development of the country which cannot be possible at the close of the war. Many fear that the money market may get very tight after peace is declared and if the floatation of all companies is postponed till then it will add to the strigency of the money market apart from the impossibility of floating many companies during such stringency. There will be one further advantage in accepting our proposal that Government can count upon the funds of these new companies for the borrowings but for which they could not be sure otherwise. From the point of view of the new companies the proposed conditions will not be unacceptable as the machinery and plant for which the capital is mainly required cannot be obtained till the close of war.

We hope therefore Government will consider the advisability to relax the restrictions in the direction indicated by us, by which Government will be assured of funds for their Loans without hampering the floatation of companies. There is one other subject which in the interests of certain classes of Indian merchants we should like to touch upon. It is with regard to the prohibition of export of pearls. We recognise the difficulties of present position and the necessity of restricting exports other than war exports. At the same time Government are aware that Bombay is the chief centre for the distribution of pearls and large stocks are usually held in India. The importance of pearl trade of Bombay has been recognised by Government by the removal of the import duty which it was proposed to levy. The Pearl Merchants have already addressed Government in the matter and it seems to my Chamber that their case

requires sympathetic consideration. Their argument that if the Bombay market is closed to the Arab dealer he would in his own interests try to find out some other market outside British India and it might be difficult to bring it back to Bombay requires serious consideration. Apart from the general policy of prohibiting the export of pearls my Chamber believes that it was due to the pearl merchants who have been hit hard by this notification that a timely notice should have been given to the trade so that it might have adjusted itself to the new conditions and heavy individual losses for no fault of their own would have been avoided. The season for new pearls will begin in about three months and if Government had given three months before the notification could come into force hardship would have been minimised. We hope Government will consider this point favourably.

As your term of office is nearing its close, may I in conclusion on behalf of the Indian Commercial Community express our appreciation of the services which you have rendered to India and the Empire during the most arduous period that an Indian Finance Minister has ever had to face since perhaps the days of Mutiny. You have been subjected to acrimonious and unscrupulous criticism both in England and India for supposed parsimony in providing funds for the expedition in Mesopotamia and war purposes generally. It has been admitted by the highest authorities that the charge is utterly unfounded and that throughout these extremely difficult times, you have handled the complex problems of Indian Finance with a single eye to the interests of the Empire of which India forms an integral part and which cannot be secured at the sacrifice of India's interests. The Indian Commerical Community has always reposed implicit confidence in your capacity, sense of justice, and rigid impartiality and that confidence has been amply justified by the care, thoroughness, and mastery of detail with which you have administered the great department of which you will

soon cease to be the head owing to the completion of your tenure of office. Much of the important work of a member of Government is hidden from the public view. But this much we can say of your tenure of the Finance Membership that its responsible duties have seldom been discharged with more absolute freedom from bias or fear that they have been by you. The advice of old Polonius to his son "Lend all thy ear but few thy voice" is peculiarly applicable to one who holds the office of Finance Minister. He has to consult all interests but give his confidence to none. He has to decide great issues practically in the exalted isolation of his position to balance minutely these supreme claims of the public good against the just rights of particular interests. Even in normal times, this is a task as difficult as any that a human being can be called upon to undertake. At critical times like these, it is one of superhuman difficulty. It will, I think, be the verdict of posterity as it is of intelligent Indian Commercial opinion to-day, that you have fully risen to the height of this task and that you leave behind you an example of devotion to duty, lofty courage, and indifference to personal consequences in which future Finance Ministers, and not only Finance Ministers will find best inspiration. On behalf of the Indian Commercial Community of Bombay, I again beg to convey to you on this occasion of your visit, perhaps, your last official visit to this Chamber our deep sense of gratitude for all you have done, and for all that you have stood for in the cause of India, which you have served so long, and which you love so well.

Hon'ble Sir William Meyer's Speech.

Sir Vithaldas Thackersey and Gentlemen—

I am very glad to see you once again and to observe that so far as the recent financial policy of Government is concerned your criticism is confined to two points.

As regards the Indian Companies' Restriction Act, there is really, I think, very little difference between us. You have recognised the policy which has led the Government to pass the Act, and you accept it in principle. You have also noted the assurance I have already given as to the method and spirit in which we propose to apply the powers the Act has given us, and in order to make the record complete I may remind you that, in the interests of small local companies, I have also undertaken to issue a license without question for floatations which do not exceed I lakh of rupees.

You go on however to suggest that in the interests of the industrial development of India, the floatation of new companies which have this development for their object should be allowed, even though their operations would not be directly or indirectly useful for war purposes, subject to the condition that the funds thus raised should be invested with Government until they can be used for the normal purposes of the company. Well, the industrial development of India is very dear to me, but in this time of war stress the needs of Government for funds necessary in connection with the war must take the first place, and you yourselves recognise, the companies you have in view would largely be unable to start work at once by reason of the absence of the machinery and plant required. If it were found that such a company was likely to raise money which the Government could not so easily procure direct, and was willing to lodge the money with Government for the present, it would obviously be a stupid

policy on our part to put obstacles in the way of its floatation. But I am sure you will recognise that we cannot apply any rigid formula: each case must be judged on its own merits, and it is for this reason that we are going to set up Advisory Committees on which Indian commerce will be represented. I may add that I rely confidently on you for cordial support to the loan.

Now, as regards the matter of pearls. You recognise, I am glad to see, the difficulties of the present position and the necessity for restricting exports other than war exports. And such restriction necessarily imposes a certain amount of hardship on people who in normal times would have the fullest right to be left alone. But, you will admit, I am sure, that if any trade had to be interfered with in the interests of the financing of war products it is the pearl trade, which relates to what is absolutely a matter of luxury, while its operations have imposed a considerable drain on our stock of rupees, which it is necessary, in present circumstances, to conserve as far as possible. We have also information that the private financing of the trade places difficulties in the way of our efforts to maintain exchange transactions on this side at the same level as the Secretary of State's exchange rates in London. You suggest that we might have given the trade some months notice. Well, I am sure, that on reflection you will admit that in this time of war stress it is not possible to give the notice that might be legitimately allowed in time of peace. When we discover that the operations of any particular trade are interfering with the primary interests of war finance, we must act promptly; and there have been many other cases in which restrictions or prohibition of exports or imports have necessarily been made on extremely short notice. I repeat that I do not desire to ignore the hardships our action may have caused, but these hardships must be borne, as in other cases, as a war sacrifice.

As you say, Gentlemen, this is the last occasion on which I shall meet you, and I look back with much satisfaction on the friendly relations I have maintained with your Chamber, whom I have always made a point of trying to meet on my visits to Bombay. We may have differed somewhat on occasions, but the complete friendliness of such differences has been shown in a very emphatic, and to me very pleasurable, way, by the remarks with which you, Sir, have concluded your address. You have shown a very clear appreciation of the great difficulties that beset a Finance Member in India, especially in these troublous times, and you have told me in the most cordial terms how you value the work I have been able to do for India. The Government of India are trustees for the people of India, and I have always tried to do my best for those whose interests were for the time in my hands, feeling, too, that the interests of India are eventually the interests of the Empire also. In the course of my long career here I have always found Indians most cordial and appreciative in their acknowledgments of the work of those whom they deem to be their friends and your remarks today give me further and very welcome evidence of this fact. The generous appreciation of my Indian friends is ample recompense for the troubles and anxieties I have had to pass through during the last few years; and, as I said the other day in the Viceroy's Legislative Council, my love for India and my regard for my Indian friends, not the least among whom are those whom I have made in your great city, will remain with me as long as life lasts.

I bid you farewell, Gentlemen, with the most cordial goodwill, and the most hearty wishes for your happiness and prosperity.

APPENDIX No. 23.

The Hindu Limited Owners Bill.

No. 1663 of 1918.

JUDICIAL DEPARTMENT:

Bombay Castle, 12th March 1918.

From

A. F. KINDERSLEY, Esq.,

Under Secretary to the Government of Bombay.

To

The Chairman of the

Indian Merchants' Chamber and Bureau

Sir,

I am directed to forward a copy of an Order of Government in this Department No. 1661, dated this day. regarding the Hindu Limited Owners Bill, and to request that Government may be favoured as soon as possible with the opinion of the Indian Merchants' Chamber and Bureau on the proposals referred to in the Government order.

I have the honour to be,

Sir,

Your most obedient servant,

A. F. KINDERSLEY,

Under Secretary to Government.

26th Apirl 1918.

From

The Secretary,

The Indian Merchants' Chamber and Bureau.

To

A. F. Kindersley, Esquire,

Under Secretary to the Government of Bombay,

BOMBAY.

Sir,

With reference to your letter No. 1970 dated 23rd March 1918 I have the honour to state that the draft of the Hindu Limited Owners Bill was considered by my Committee who approve of it and agree that the Bill may be passed in the Imperial Legislative Council.

I have the honour to be

Sir,

Your most obedient servant,

S. S. MEHTA,

Secretary,

APPENDIX 24.

Indo-French Trade.

No. 4287 of 1918.
205 Corpl.

Revenue Department.

Bombay Castle, 10th April 1918.

From

A. F. L. Brayne, Esquire, I. C. S.,

Under Secretary to the Government of Bombay.

To

The Secretary,

Indian Merchants' Chamber and Bureau.

Sir,

I am directed to refer to paragraph 2 of the letter from the Government of India, Department of Commerce and Industry, No. 324-D. dated 12th November 1917 to your address regarding the Report on Indo-French Trade, and to enquire whether your Chamber desires to make any remarks on the Report. If so, I am to request that they may be transmitted at an early date.

I have the honour to be,

Sir,

Your most obedient servant,

A. F. L. BRAYNE.

Under Secretary to Government.

11th April, 1918.

From

The Secretary,

Indian Merchants' Chamber and Bureau.

To

A. F. L. Brayne, Esquire, I. C. S.

Under Secretary to the Government of Bombay.

Sir,

With reference to the letter received from the Government of India Department of Commerce and Industry, I have been directed that the percentage of Indo-French Trade to the total trade of India is at present not very large though my Committee realise that it is likely to increase slowly and steadily in as much as many of the exports from this country will have the natural tendency of being diverted from Germany to Allied Countries.

My Committee have already pointed out in their letter of the 18th September 1917 that for the purposes of furthering the Indo-Russian Trade some essential facilities will be required to be made, and I beg to refer you to similiar ones in this case also. If those and other necessary facilities are made available, Indo-French Trade will also thrive and will be capable of being developed to a great extent. The Committee are of opinion that it would be better if, for the present, this trade were allowed to develop by private initiative and through reliable English firms that might happen to be established in large numbers in France.

I beg to remain,

Sir,

Your most Obedient Servant,

S. S. MEHTA,

Secretary.

APPENDIX No 25.

State Versus Company Management of Railway.

GOVERNMENT OF INDIA.

RAILWAY DEPARTMENT.

(RAILWAY BOARD.)

No. 188-F/16.

Simla,

Dated the 5th of April 1918.

To

The Secretary,

Indian Merchants' Chamber and Bureau,

Bombay.

Dear Sir,

I am directed to refer again to the question of State and Company management of Indian Railways, which was raised in the Railway Board's letter No. 188-F/16 of 27th June 1916. In your reply of 1st December 1916, your Chamber expressed themselves as being strongly in favour of State management. The broad issue however which was then placed before your Chamber was whether a system of State or Company management has the advantage under Indian conditions. A third alternative has been suggested to the Government of India namely neither to retain the existing system intact nor to have recourse to State management, but to have an Indian Company with a Board of Directors in India. The proposed Board it is suggested would include, as the Home Boards do at present, a government Director with a power of veto; for the rest of the Board there would be the commercial community, both European and

Indian served by the particular system in question on which to draw. I am to invite an expression of your Chamber's opinion on this suggestion. They will no doubt in this connection compare both the relative merits of Boards in London with Boards in India, and of an Indian Company having its Board in India with a system of State management. A doubt however has been suggested whether under Indian conditions and particularly in view of the fluctuations in the personnel of the commercial community a Board of sufficient strength and permanence could be constituted in India, and the point is one that should not be overlooked in dealing with the proposal.

I am to ask you to be good enough to let me have the considered opinion of your Chamber on the questions raised in this letter before the end of May.

Yours faithfully,

F. A. HADOW,

Secretary, Railway Board.

COPY.

Enclosure to Railway Board's letter No. 188-F. 16 dated 27th June 1916.

NOTE.

The case of State-management, or, in countries where Railways are at present private property, for nationalisation, may be briefly stated as follows:—It is represented that the results of the Railway history all over the world are in the favour of State taking a large share in the administration of Railways. It is perhaps alleged, though this does not appear to be a point on which stress is laid, that State-management is more efficient or economical than the management by private companies. And it is certainly urged that State-management achieves objects which it is not reasonable to expect from private enterprise.

2. The criticisms that have been brought against this view are, first, as regards the appeal to experience that as a matter of fact by much greater part of the Railway mileage of the world is still held by companies, and further that the existence of the State-management or ownership in other countries could be relied on as an argument only if it had been adopted as justified on its merits, whereas the fact is that the adoption of a State system has seldom been the result of a definite policy; precisely as happened in the case of India so in the great majority of cases elsewhere the system has been largely moulded by financial necessities. Secondly, as regards efficiency, it is said that this necessarily varies, and good and bad examples of working can be quoted under both systems but that a general survey affords no ground for holding that a state system has the advantage. It is added as a definite disadvantage of a State system that its working is liable to be affected in many ways by political influence, and experience shows that the consequences may be very serious.

3. The main point, however, is one of principle what should be the objects of Railway administration, and how are these best obtained. The opposing views on this point are, first, that Railways should be administered as part of the machinery for the general development of a country whether this is remunerative from the point of view of the Railway account or not, that this task clearly cannot be demanded from the private enterprise which must have an eye to profits and that consequently Railways fall of necessity within the domain of State industries. On the other hand, it is urged against this view that it is based on the assumption, that Railway profits are vicious and be secured only at the expense of the general public; that this assumption is incorrect and that there is not in fact an antagonism between the commercial principle of Railway working and the general interests of a country; that however frequently it may be overlooked the fact remains that there is

a definite and strong community of interest between railway and trade, neither of which can prosper without the other; that consequently railways will do what they can do to foster trade by all means which either immediately or in the ultimate result, they can make remunerative to themselves; that concessions in rates which will not even in the long run prove remunerative amount to a subsidy; that subventions in this form are open to obvious objections, and that they are certain to affect very seriously the revenue from railways. Doubts are expressed further whether in the working of rates for the development of its country State would be as efficient as private companies and experience is said to show that State control invariably produces a rigidity in the rate system which interferes with the attainment of the maximum economic advantage to be derived from the interchange of commodities and prevents the full development of trade which is secured by the freer and more elastic treatment of rates by independent railway administrations.

4. In India the system which has grown up is a composite one, the great majority of the railways are owned by the State but all except three of these State lines are managed by companies, who have a small share--about tenth--in the properties they administer. In the railway history of India there are three main periods. To begin with, as was natural, since they were the creation of the English Government, private enterprise was favoured for the construction and administration of railways. It was found, however, that private enterprise stood in need of Government assistance and this led to the formation of guaranteed companies. The particular system adopted was found to be defective, and for a time State agency exclusively favoured; this was the second stage. The transition to the third stage was a slow one. It occupied the years from 1879 to 1892 during which two committees of the House of Commons in 1879 and 1894 considered the subject and a very large volume

of correspondence passed between the Secretary of State and the Government of India. The final conclusion, however, was that there is room both for State agency and for companies, and generally though there have been examples both of companies' lines being taken over by Government and of State lines being leased to companies, and each case has been treated on its merits and with due regard to the circumstances of the time, the preference has been for company-management. The Mackay Committee said in 1907 "the consistent policy of the Government of India for many years has been to arrange for the railways in India, while remaining State property to be leased to companies which work them on behalf of Government on a profit-sharing basis. There is no disposition on the part of Government to depart from this policy which has worked satisfactorily," and the Government of India at that time accepted their views. The question now is whether a change of policy is desirable.

5. The company system as it exists in India has been critised from two points of view. On the one hand, it is said that the companies have so limited an interest both in respect of the amount of their capital and of the period for which railways are entrusted to them, that the real benefits of private enterprise are not obtained from their employment in railway administration. This argument, however, is defective, since if there is an advantage in private enterprise the remedy would be not to abolish the companies but to increase their stake in the business, and it is seldom advanced.

6. The more common criticism is that the control of Government over the companies in spite of its preponderating share in the property is inadequate, and that this defect is accentuated by the fact that the Boards of these companies are in London.

7. The reply of those who support the company system is first that some misapprehension appears to exist on the subject of Government control, the provisions for which as contained in

the various contracts with companies appear to them ample. (An extract from the railway Board's Administration Report for 1914-15, summarising these provisions is attached for reference). Secondly they say, it does not follow that because Government own by far the larger share, they should retain in their own hand the direct management of railways. There appears, it is added, to be no opposition to branch line companies in this country, though these are private concerns, owning and in some cases managing railways, and the objection taken to the administration by companies of the trunk lines of the country may be due, therefore, not so much to a dislike of the principle of private enterprise as to their English domicile. If so, however, the opposition to main lines companies seems to exalt to a governing factor, what is secondary, though no doubt a very important consideration. Finally, the feature of the existing system to which objection is taken may prove to be temporary. In the past, that is to say, the Boards of companies have necessarily been located in London because practically the whole of the capital of these companies was held in England, and it is urged by those who favour company management that a change in these conditions will gradually be brought about through a greater proportion of capital being held in this country. If so, the objection will be met by a natural progress in the course of time, and it would be a mistake, if private enterprise is on other grounds to be preferred, to bring all lines under the direct management of the State in order to remove it.

8. In addition upholders of the existing system claim that it has positive advantages. They say that the present allocation of different parts of the Indian system of railways to semi-independent administrations produces a healthy competition and spirit of emulation which would be lost if all were brought under State-management. They claim that the financial burden of maintaining and extending the whole railway system of India is clearly too great for the Government to bear alone;

that the main line companies can give material financial assistance, and that if Government were to buy them out, it would not change the proportion of State and private contributions to the railway property of the country; the State, while increasing its holding in the main lines, would have less to invest in extenstions and the result would be merely to shift the field of private enterprise.

9. Finally, they say that very much the same consideration applies in the matter of administration as of finance. A policy of State-management for all the railways in India would inevitably tend to centralisation; in this respect again the Government would be overburdened, and it would be well advised according to this view to be content as at present with a general control and for the direct management of railway affairs to retain the services of the companies.

27th April 1918.

To

The Secretary,
Railway Board,
SIMLA.

Dear Sir,

I have to acknowledge the receipt of your letter No. 188 F/16 dated the 5th instant. In reply I am desired by my Committee to say that they do not approve of the proposed third alternative viz, the Management by Companies with a Board in India The proposed alternative will not meet the objections raised in para 3 of my Committee's letter dated the 1st December 1916.

Your Faithfully,
S. S. MEHTA,
Secretary,

APPENDIX 26.

Amendment of Indian Railways Act.

No. 574 T.-17.

GOVERNMENT OF INDIA.

RAILWAY DEPARTMENT.

(RAILWAY BOARD.)

Simla, the 31st October 1917.

To

The Secretary to the Government of Madras, Public Works Department.

The Joint Secretary to the Government of Bombay, Public Works Department.

The Secretary to the Government of Bengal, Public Works Department.

The Secretaries to the Governments of the Punjab, United Provinces and Bihar and Orissa, Public Works Department.

The Secretary to the Government of Burma, Commerce and Industry Department.

The Hon'ble the Chief Commissioners of Assam and the Central Provinces.

The Hon'ble the Agent to the Governor-General in Central India.

The Hon'ble the Agent to the Governor General in Rajputana.

The Hon'ble the Residents at Hyderabad and in Mysore.

The Hon'ble the Agent to the Governor-General and Chief Commissioner in Baluchistan.

The Hon'ble the Chief Commissioner and Agent to the Governor-General, North-West Frontier Province.
The Secretary The Bengal Chamber of Commerce.
The Secretary, the Bengal National Chamber of Commerce.
The Secretary, The Chittagong Chamber of Commerce.
The Secretary, The Calcutta Trades Association.
The Secretary, The Bombay Chamber of Commerce.
The Secretary, Indian Merchants' Chamber and Bureau.
The Secretary, The Bombay Presidency Trades Association, Limited.
The Secretary, The Madras Chamber of Commerce.
The Secretary, The Southern India Chamber of Commerce.
The Secretary, The Madras Trades Association.
The Secretary, The Burma Chamber of Commerce.
The Secretary, The Rangoon Trades Association.
The Secretary, The Indian Chamber of Commerce.
The Secretary, The Punjab Trades Association.
The Secretary, The Upper India Chamber of Commerce.
The Secretary, The Punjab Chamber of Commerce.
The Secretary, The Karachi Chamber of Commerce.
The Secretary, The Mysore Chamber of Commerce.

Sir,

I am directed to draw your attention to the Resolution moved by the Hon'ble Mr. Jinnah, a report of the discussion on which will be found in Part VI of the Gazette of India of the 6th October 1917, asking for the appointment of a Committee to inquire into the working of the Indian Railways Act. The Hon'ble Member had two main objects in view, the appointment of a permanent Commission to inquire into complaints regarding rates and other matters, and the establishment of Conciliation Boards for the settlement of strikes. Both these questions were already under the consideration of the Government of India and it is not proposed to trouble you about them at present. It is relevant, however, to the Resolution to inquire

Committee appointed as proposed by him to proceed to inquire into the various matters and make recommendations to the Government of India. As, however, the matter is under the consideration of the Government of India, my Committee do not press for immediate action on that score.

Regarding the question of amendment on the Indian Railways Act in other directions my Committee suggest that in Section 47 Chapter VI of the said Act, the following may be added after "purposes" provided they are previously referred for opinion to Indian Chambers of Commerce and other commercial bodies interested in them.

Secondly, having regard to the chronic complaint hitherto unredressed, of the travelling public about the constant overcrowding of carriages of all classes in a passenger train, especially intermediate and third, my Committee are strongly of opinion that it is essential for the health and convenience of passengers that a sub-clause should be added to clause 63 making it obligatory on the guard in charge of a passenger train to see that no carriage is so filled as to contain a larger number of passengers than that prescribed; and that failure in this respect should make him liable to a penalty. The passenger guard shall also be held liable to penalty if after the state of overcrowding is specifically brought to the notice by a passenger, he fails to discharge the duty imposed on him. At the same time the guard in the proper discharge of his duty in this behalf shall not be made responsible for any delay or detention that may occur in starting a train at any station at the prescribed hour.

I have the honour to be,

Sir,

Your most obedient servant,

S. S. MEHTA,

Secretary.

whether the Railway Act requires amendment in other directions. The Government of India are not aware of any amendments that are urgently required, but I am to ask that the Railway Board may be informed of any defects that may have been brought to the notice of your Government, / the notice of your Chamber, / your notice, so that the Government of India may consider, and, if necessary, remedy them.

I have the honour to be,

Sir,

Your most obedient servant,

A. S. STOWELL,

Offg. Secy., Railway Board.

Documents accompanying.

Nil.

10th May 1918.

From

The Secretary,

The Indian Merchants' Chamber and Bureau,

BOMBAY.

To

The Secretary,

Railway Board,

SIMLA.

Sir,

With reference to your letter No. $\frac{574\ T/17}{2}$, dated the 16th January 1918, I am directed to state that it would appear to my Committee that there is ample scope for amendment to be made in the Railways Act of 1890 as it stands at present especially on the lines indicated by the Hon'ble Mr. Jinnah. The Committee hope to see at an early opportunity a small

APPENDIX 27.

Adulteration of Indian articles of Export.

No. 6078 of 1918.

Revenue Department.

Bombay Castle, 30th May 1918.

From

A. F. L. Brayne, Esquire, I. C. S.,

Under Secretary to the Government of Bombay;

To

The Secretary,

The Indian Merchants' Chamber and Bureau,

BOMBAY.

Sir,

I am directed to invite attention to the letter from the Government of India, Department of Commerce and Industry, No. 9164 dated 8th August 1917 to the address of the Indian Merchants' Chamber and Bureau, inviting suggestions for a remedy for the prevalent evil of adulteration of Indian articles of export, and to request that the Chamber will favour this Government with their reply on the subject at an early date.

I have the honour to be,

Sir,

Your most obedient servant,

R. B. VAKIL,

For Under Secretary to Government.

No. 9164.

GOVERNMENT OF INDIA.

DEPARTMENT OF COMMERCE AND INDUSTRY.

From

A. H. LEY, Esq., I. C. S.,

Deputy Secretary to the Government of India.

To

ALL CHAMBERS OF COMMERCE,

Simla, the 8th August 1917.

Sir,

The Government of India view with grave concern the prevalence of the practice of adulterating Indian produce before export. The subject is, of course, one which has frequently been brought to public notice, and in the case of some specified commodities has received the careful consideration of Government on more than one occasion. In respect of a few products, it may perhaps be asserted with reason that an improvement has in the past few years been effected, but the Government of India are doubtful whether such an assertion can be made generally. They are of opinion that, on the whole, the reverse is the case. Cotton is still watered; jute is still watered; groundnuts, hides, indigo, oils are freely adulterated; this at least is common knowledge. It is unnecessary to dilate on the loss to Indian trade which this practice of adulteration must involve, but it appears to the Government of India to be specially important at the present time to endeavour to focus attention on the matter. It seems reasonable to suppose that the present war will be followed by a period of keen competition among industrial nations for materials of all descriptions

and for products which India should be in a specially favourable position to supply. But it cannot be expected that India will be able to capture and retain the extended markets which should fall to her share, if steps are not taken to effect a radical improvement in the reputation which, the Government of India fear, some of her products have only too justly merited. It is in this view that I am directed to address you on the subject with a view to eliciting suggestions for a remedy to what is unquestionably a serious injury to Indian trade.

2. It is desirable to summarise, for your information, the action which has been taken on various representations which have been made to the Government of India in the past.

Wheat.—After consulting Local Governments and Chambers of Commerce, a Resolution was issued by the Government of India in November 1906 announcing that "if buyers of Indian wheat desire to obtain regular supplies containing not more than 2 per cent. of impurities (that term covering all foreign matter other than food-grains), the mass of Indian shipments can be made on that basis." His Majesty's Secretary of State for India was, at the same time, asked to make a similar announcement for the information of merchants and millers in the United Kingdom. As a result of this action, the Corn Trade Association in the United Kingdom, in conjunction with the milling trade, drew up in 1907 a new form of contract for the purchase of Indian wheat on a clean basis, and the Government of India have not received any further complaints on the subject since. The position is now believed to be fairly satisfactory, and what used to be a gross scandal has been, at any rate partially, removed. It may be added that the Royal Commission on Wheat Supplies is now purchasing all grains, including barley, gram and maize, on a pure basis, and it is suggested that this basis might be generally adopted.

Cotton.—Complaints regarding the fraudulent damping and mixing of cotton have been made on several occasions by the International Federation of Master Cotton Spinners, but the Government of India have held that no intervention on the part of Government is desirable and that the matter should be left to unofficial agency to deal with. The reasons which induced the Government of India to maintain this opinion were :—

(1) The difficulty of making any legislation effective without a system of inspection which would involve an amount of interference with the course of trade entirely disproportionate to the advantages to be secured.

(2) The undesirability of legislating to suppress frauds connected with the marketing of cotton, without acceding to demands for similar legislation aimed at abuses in other branches of Indian trade and commerce.

(3) The reluctance of Government to adopt a course that would commit them to a policy of interference with trade, which they believed would be not merely prejudicial to commercial interests in this country, but alien to their conception of the true functions of Government.

(4) The advisability of avoiding a repetition of the evils to which the Bombay Cotton Frauds Law gave rise.

(5) The belief that the remedy lies in the hands of the dealers themselves, who could check the evil either by the establishment of testing houses or by the institution of a system of contracts similar to that introduced in the case of wheat and hemp.

Jute.—In 1905 the Dundee Chamber of Commerce urged that legislation should be undertaken to prevent the fraudulent watering of jute and the Secretary of State asked for the views

of the Government of India on the proposal. The unanimous opinion of the Local Governments and Local Officers consulted was that, although the evil complained of was great, it was undesirable to legislate for its prevention. This view was accepted by the Government of India and no further action was taken. It is unnecessary, perhaps, to repeat the reasons. Many of the arguments against action in the case of cotton apply also in the case of jute.

Leather.—In 1913, the Secretary of State forwarded a representation from the London Chamber of Commerce suggesting that regulations should be made for discouraging the production in India of leather adulterated with barium compounds and for preventing its exportation from India. The replies received from Local Governments and Chambers of Commerce, who were consulted on this suggestion, showed that the adulteration of leather with barium compounds was not practised to any appreciable extent in any Province. No Local Government definitely supported the proposal, and the Secretary of State was informed that there was no necessity for restrictive measures to prevent the adulteration of leather in India; that the introduction of special regulations against the use of barium in the tanning industry and the prohibition of the export of leather containing that adulterant would result in unnecessary harassment to the trade and lead to administrative difficulties; and that the true remedy for the malpractice, if it existed, lay in action by Government or by the merchants themselves in the United Kingdom. At the same time, an offer made by the Government of Madras to inform the principal tanners in that Presidency that the use of barium salts was objected to by the English manufacturers and that any tanner who persisted in this practice ran the risk of losing his export trade, was approved and a circular to this effect was issued by the Collector of Customs, Madras, in February 1914.

Hemp.—In 1913, the London Hemp Association pointed out certain defects in the method of preparation of hemp exported from India. They were told in reply that the remedy for the unsatisfactory quality of much of the hemp exported rested to a great extent with the buyers, and that if a higher price were paid for clean hemp and if hemp which contained impurities were refused, the evil complained of would probably disappear in due course. The various Chambers of Commerce were supplied with a copy of the correspondence and were asked to submit, through the Local Government, any suggestions they might have to make on the subject. But the replies received showed that practically all the Chambers who expressed any opinion on the matter agreed in the view that the real remedy for the defects noticed in the hemp exported from India lay in the hands of the buyers. A copy of the correspondence with Chambers of Commerce was forwarded to the London Hemp Association and it was decided that in view of the opinion expressed by Indian Commercial bodies, no further action in the matter was necessary. From a subsequent letter received from the Association it appeared that they had under consideration a new form of contract for Indian hemp. The Government of India asked for a copy of the contract, but this has not yet been received. The desirability of encouraging the hackling of Indian hemp before export was recently suggested by the India Office, and the Government, of India have invited the views of Local Governments, and, through them, of commercial bodies as to whether any special measures are necessary.

Beeswax.—In 1915, the Imperial Institute, London, drew attention to the adulteration of Indian beeswax. They pointed out that if a continuous supply of pure beeswax could be obtained, it was probable that the greater part of the Russian beeswax trade, which was formerly in the hands of the Germans, would remain permanently in British hands and a steadily increasing industry for India would result. They

suggested that these facts should be brought to the notice of the traders concerned in this country. A copy of the letter from the Imperial Institute was transmitted to all Local Governments and Administrations for communication to Local commercial bodies.

3. It will be seen from the preceding sketch of previous discussions on this subject that the Government of India have been consistently opposed to any attempt to meet the evil by legislative measures. They have held the view that any such measures would be extremely difficult to carry into effect, would seriously hamper trade, and would probably, in any case, prove ineffectual as a practical remedy. They have maintained the opinion that the proper agency for dealing with these abuses is the trade itself, and that no intervention on the part of Government is desirable. To these views they are still inclined to adhere.

4. At the same time, they would welcome any suggestions on the subject, and would be glad to co-operate, if further discussion should show that any action on their part is at once feasible and desirable. It seems to them, however, more probable that the situation could be most satisfactorily dealt with without any intervention on the part of Government. If the leading exporting firms of any particular commodity in India would arrange with their leading buyers that the latter should insist on freedom from adulteration, an improvement could probably be more readily effected by this means than by any action on the part of Government. This would seem to be the most fruitful line of attack, but it has also been suggested that Chambers of Commerce in India might organise some system of certifying to the purity of products before export. This suggestion seems worthy of consideration.

5. In addressing you on the matter, the Government of India do not wish to make any proposals or suggestions of their own. Their object is to emphasise the importance of the

subject, particularly at the present time, and to enquire whether, in your opinion, any practical measures can be devised to remedy what is an admitted evil. I am to say that any observations which you desire to submit to the Government of India should be forwarded through the Local Government.

I have the honour to be,

SIR,

Your most obedient servant,

A. H. LEY,

Deputy Secretary to the Government of India.

No. 6805 of 1918.

Revenue Department
Bombay Castle, 25th June 1918.

From

A. F. L. Brayne, Esquire, I. C. S.,
Under Secretary to the Government of Bombay;

To

The Secretary, Indian Merchants' Chamber and Bureau,
BOMBAY.

Sir,

I am directed to forward for the information of the Chamber ten copies of Government Order No. 6783 dated 24th June 1918 in connection with the proposal of licensing the transport of cotton waste by rail or sea and to request that the remarks of the Chamber may be sent within a week.

I have the honour to be,

Sir,

Your most obedient servant,

A. F. L. BRAYNE,

Under Secretary to Government.

Cotton.

Proposal of licensing the transport of cotton waste by rail or sea.

GOVERNMENT OF BOMBAY.

REVENUE DEPARTMENT.

Order No. 6783.

Bombay Castle, 24th June 1918.

Letter from the Government of India, Department of Revenue and Agriculture (Agriculture), No. 531—57 dated 14th June 1918:—

"I am directed to forward, for the information of the Governor in Council, a copy of the draft section* of the Report of the Indian Cotton Committee relating to the movement of cotton waste and of cotton, whether in the form of *kapas* (unginned cotton), half pressed bales or full pressed bales, by rail or sea.

"2 The recommendations made therein are:—

(1) That the transport of cotton waste by rail or sea, except from one mill to another or to a port for shipment outside India should be totally prohibited;

(2) That the transport of *kapas*, half pressed bales or full pressed bales by rail or sea, except to *bona fide* consumers (*i. e.*, mills) and to ports of shipment outside India should also be prohibited except, in certain cases, under license.

"3. In view of the present serious shortage of railway waggons and in order to check the practice of mixing, the Agricultural Adviser to the Government of India has suggested that immediate action should be taken on the above recommendations in so far as the movement of cotton waste and

* Printed as an accompaniment to this Order.

kapas by rail is concerned. The case of cotton waste presents no difficulty and the Government of India are taking separate action in regard to it. The case of *kapas* is however more difficult. It will be seen from the draft sections of the report that it is proposed that transport should be allowed under license in certain cases, of which two main instances are given, namely, (*a*) cotton transported by rail from an area in which no cotton gins exist at all and (*b*) cotton transported from a district in which the owner or purchaser has no ginning factory to a place where he has such a factory. The Government of India doubt, however, whether such cases are by any means exhaustive and it seems probable that a fairly elaborate licensing system would be required as total prohibition might involve considerable hardship in a number of cases. Before therefore considering the proposal further, the Government of India would be glad to be favoured with the opinion of the Governor in Council on it and on the possibility of establishing a local licensing authority pending the receipt of the full recommendations of the Indian Cotton Committee on this head. It has been suggested to the Government of India that the issue of licenses might suitably be entrusted to the fully representative Committee, and the local Government will no doubt consider this suggestion.

"4. I am to request that, if possible, a reply to this letter may be sent by telegram."

ORDER.—Copies of the letter from the Government of India and of its accompaniment should be forwarded to the Director of Agriculture, the Chamber of Commerce, Bombay, the Indian Merchants' Chamber and Bureau, Bombay, the Bombay Cotton Trade Association and the Bombay Millowners' Association, with a request that they will favour Government with their remarks on the subject within a week.

A. F. L. BRAYNE,
Under Secretary to Government.

To

The Commissioner in Sind,
The Director of Agriculture,
The Commissioner of Customs, Salt and Excise,
* The Secretary, Chamber of Commerce, Bombay,
* The Secretary, Indian Merchants' Chamber and Bureau, Bombay,
* The Secretary, Bombay Cotton Trade Association,
* The Secretary, Bombay Millowners' Association,
The Political Department of the Secretariat.

* By letter.

No. of 1918.

Copy forwarded for information and guidance to.

Accompaniment to Government Order, Revenue Department, No. 6783 dated 24th June 1918.

Mixing of cotton with cotton waste.

As an instance of the prevalence of the reprehensible practice of mixing cotton waste with good cotton, we may mention that we found, in the railway station yard at Hubli, waggons containing nothing but cotton waste imported from Bombay, and that, in a ginning factory there, we saw such waste being mixed with kapás in the proportion of two maunds of waste to six of kapás. It is a matter for regret that railway waggons should be available for traffic of this character at a time like the present when there is such an urgent demand for them for genuine trade purposes. Cotton waste can only be utilised by cotton and woollen mills in certain lines of manufacture. Its value for any purpose other than deliberate mixture with

cotton is too small even to pay the cost of carriage. The only satisfactory method by which the illegitimate use of cotton waste can be stopped is by the total prohibition of the transport of such waste by rail, whether in the form of loose borás or full pressed bales except from one mill to another or from a mill to a port of shipment, such as Bombay, and we strongly recommend this course. We would enforce the same restriction in the case of transport by sea between Indian ports except from one Indian mill to another. In regard to the export of waste from Native States, our enquiries left us no reason to doubt that the Durbárs would be willing to co-operate in any measures of this character that were decided on by the Government of India. If an agreement on the point failed to be reached, import of waste from a Native State into British territory could be totally prohibited.

Mixing of different varieties of cotton.

A more difficult problem is presented by the mixing of different varieties of cotton a practice to which, owing to the mixture of seed that results from it, the complaints we received of the deterioration of many of the superior varieties of Indian cotton must be largely attributed. It is hardly an exaggeration to say that, with few exceptions, long staple cotton very seldom finds its way to the chief markets, and especially to Bombay, in an unmixed state. Many districts which were formerly celebrated for their cotton have, in consequence, acquired a bad name both with

Indian consumers and with exporters and, as it is impossible to detect that cotton contains a small mixture of an inferior variety before it passes through the spinning machinery, even pure cotton from such districts is approached by buyers with distrust and the price offered for it is reduced accordingly. The evidence submitted to us showed that the import of short stapled cotton into tracts which grow long stapled cotton for the purpose of being mixed with the latter and passed off as the produce of the long staple tract is extensively carried on. A special enquiry* on the point made in the Bombay Presidency in 1909, showed that, during three months of the year, the imports of short stapled cotton into the Broach tract amounted to five per cent. of the whole crop. The Broach tract is one in which the practice is especially common and there is no doubt that the deterioration in the reputation of Broach cotton in recent years, is to some extent, due to this cause. The cotton so imported comes mainly from Khandesh. Cotton from this tract is also largely imported into Berar for mixing purposes and some of it finds its way to the Southern Mahratta Country to be mixed with *kumptàs*. We had ocular evidence of this fact in the Hubli railway station yard where we found several waggons containing Khandesh cotton which could not have been required for any purpose but mixing. That the cotton should have been brought so far is evidence of the extent to which the practice pays.

* *Vide* Government Resolution No. 9051 dated 20th September 1909.

In this case, also, we are of opinion that the only remedy lies in the total prohibition of the transport by rail of cotton, whether in the shape of kapás, half pressed bales or full pressed bales except to boná fide consumers that is to mills, or to ports for shipment outside India. As in the case of cotton waste, we consider that the restriction should apply to the case of transport from one Indian port to another. We recognise that certain exceptions will be necessary. The first case which has to be provided for is that of the introduction of cotton into areas in which it has not already been grown (as, for instance, Cambodia in certain districts of Madras) and in which there are, as yet, no gins or presses. In this case, until sufficient gins and presses spring up to meet the needs of the tract, we would permit transport by rail under license to ginneries or presses in adjoining districts. The second case is that in which a firm or individual buyer has a ginning or pressing factory at a central station in a district and wishes to bring in cotton to be ginned or pressed from outlying stations in the same district. We recognise that it might be a hardship to compel such a firm to erect a ginnery or press at or near the place where the cotton was bought when it had a factory within easy distance by rail. It might be impossible also for the firm or individual to get the cotton ginned or pressed locally owing to the owners of the local factories combining against it and refusing it facilities. Instances of this kind have come under our notice. In this case, also.

we would only allow transport under license in order to ensure the legitimate use of the cotton so transported. In both cases, licenses should be issued only to a specified firm or individual for transport between the stations specified in it. They should be in force for one season only but should be renewable on application, at the end of each season, a return of the total quantity transported under a license should be submitted to the licensing authority. Any breach of the terms of the license should be followed by its concellation. The procedure in regard to the issue and withdrawal of licenses would be similar to that which has been suggested below in regard to licenses for ginning and pressing factories.

Transport by road.

It will be observed that we have made no provision for the case of transport by road. Cotton is undoubtedly taken long distances by road for the purposes of mixing but there are obvious limits to the practicability of doing so which do not exist in the case of transport by rail or sea. Prohibition of transport by road would be extremely difficult to enforce and the cost would probably not be commensurate with the advantages gained. We feel that we are striking at the root of the evil in recommending the prohibition of transport by rail and sea.

If this measure does not prove as efficacious as we trust it will, it might be possible to test the effect of prohibition of transport by road within a particular limited area. In this case, as to that of the transport of cotton waste, we have no doubt of the cordial co-operation of the Governments of Native States which have already, in some cases, notably that of Gwalior, taken steps to safeguard the purity of the cotton grown in their territories. We would mention the strong support which the recommendations we are making under this head have received on all sides. We would also point out that, if adopted, they will have the effect of putting a stop to the practice, which is at present very common, of railing cotton in full pressed bales from one station to another, the cotton normally exported from which has a better reputation and commands a higher price. The cotton is then re-booked from the latter station to its ultimate destination. The object of this device is to lead the buyer to believe, from the evidence of the railway station mark on the bales and of the railway receipt that the intermediate station was actually the station of origin and to pay for the cotton accordingly.

27th June 1918.

From

The Secretary,

The Indian Merchants' Chamber and Bureau,

BOMBAY.

To

A. F. L. Brayne, Esquire, I. C. S.,

Under Secretary to the Government of Bombay,

BOMBAY.

Sir,

With reference to your letter No. 6078 dated the 30th May 1918, I am directed by my Committee to inform you that my Committee are not in favour of any restrictive or legislative measures by Government for the prevention of adulteration in Indian produce before export. It is mostly the concern of the trade and the trade has taken definite effective steps in regard to Tea, Wheat and Jute. The question of Cotton moreover, is yet before the Indian Cotton Committee; and with respect to other articles, my Committee hold that as a general rule the buyer is capable of safeguarding his own interests and making his own arrangements properly with a view to remedy the evil. On the other hand, any action taken by Government to control export is likely to open doors for complaints regarding corruption. In view of the fact that the Report of the Imperial Institute which is not yet received may throw some fresh light on the subject with regard to the pronouncement of a definite opinion, my Committee deem it proper to allow buyers to protect their own interests.

I have the honour to be,

Sir,

Your most obedient servant,

S. S. MEHTA,

Secretary.

27th June 1918.

From

The Secretary,

The Indian Merchants' Chamber and Bureau,

BOMBAY.

To

A. F. L. Brayne, Esquire, I. C. S.

Under Secretary to the Government of India,

BOMBAY.

Sir,

With reference to your letter No. 6805 dated the 25th instant, re. proposal of licensing the transport of cotton waste and kapas by rail or sea, my Committee, while agreeing with the recommendations of Government in general, desire that with regard to the issue of licenses a Committee of representatives of commercial bodies both Indian and European should be appointed to co-operate with the Director of Agriculture in order to safeguard commercial interests.

I have the honour to be,

Sir,

Your most obedient servant,

S. S. MEHTA,

Secretary.

APPENDIX 28.

Estimate of the Stock of Piece goods in Bombay.

No. 1791-W of 1918.

Revenue Department
War.

Bombay Castle, 3rd July 1918.

From

A. F. L. Brayne, Esquire, I. C. S.,

Under Secretary to the Government of Bombay.

To

The Secretary,

Indian Merchants' Chamber and Bureau, Bombay.

Sir,

I am directed to forward for information the accompanying copy of the Order of this Government No. 1752-W dated 29th June 1918 which has been published in Press Note No. 1775-W dated 1st idem and to request that you will be so good as to furnish to Government an estimate of the stock in Bombay of country made and imported piecegoods, of the descriptions mentioned in the Order, on 6th July 1918, specifying the countries of origin of the latter.

I have the honour to be,

Sir,

Your most obedient servant,

A. F. L. BRAYNE,

Under Secretary to Government.

NOTIFICATION.

REVENUE DEPARTMENT.

Bombay Castle, 29th June 1918.

ORDER.

No. 1752 W.—In supersession of Government Order No. 1745-W., dated 27th June 1918, published in the Bombay Government Gazette Extraordinary of the same date, the Governor in Council is pleased to direct in exercise of the powers conferred by section 3 of the Articles of Commerce Ordinance, 1914 (IX of 1914), read with the Emergency Legislation Continuance Act, 1915 (1 of 1915), that all persons who, on the 6th July 1918, have in their possession or control in Bombay or in Ahmedabad or in Karáchi any stocks of imported or country made piecegoods, in quantities, of one bale or over, of the following four descriptions only, viz., (1) grey unbleached. (2) white bleached, (3) coloured, printed or dyed and (4) fents of all descriptions, shall, within three days from such date, furnish to the Collector of Bombay or the Collector of Ahmedabad or the Collector of Karáchi, as the case may be, a full and complete statement of such stocks showing whether the piecegoods are imported or country made, and, in the former case, the country of their origin.

By order of His Excellency the Right Honourable the Governor in Council.

J. L. RIEU,

Secretary to Government.

Bombay, 12th July 1918.

From

The Secretary,

The Indian Merchants' Chamber and Bureau,

BOMBAY.

To

A. F. L. Brayne, Esquire, I. C. S.,

Under Secretary to the Government of Bombay

BOMBAY.

Sir,

With reference to your etter No. 1791-W dated the 3rd instant, I am directed by my Committee to state that Press Note, 1775-W dated 1st idem has been published in all daily Papers, so that piecegoods merchants and mill-owners are likely to send in their figures of stocks held by them of country made and imported piecegoods. Some four months ago, a similiar Press Note in connection with country made piecegoods was issued by Government but the result of it is not known.

This time, the Press Note referred to above requires an estimate of the total stocks in Bombay which depends upon the furnishing of figures by individual merchants in different places dealing in retail as well as wholesale business of piecegoods of both the kinds. It is therefore considered desirable to know something definitely about the effect of the Press-Note issued nearly four months ago by Government.

As it stands, the work of bringing out an estimate of the stock required will entail a great difficulty in practice. As a result of consulting merchants with a long practical experience of dealing in such figures in the Markets of Bombay, it can be laid down that nearly one to one and a quarter of a lakh of packages of foreign made piecegoods and nearly two lakhs of country made piecegoods may be regarded as approximate figures in a rough estimate that can be made during the short time at our disposal. More correct and detailed figures in yards, it is not practicable under the circumstances to supply.

I have the honour to be,

Sir,

Your most obedient servant,

S. S. MEHTA,

Secretary.

APPENDIX 29.

Issue of Priority Passes.

17th July, 1918.

From

The Secretary,

Indian Merchants' Chamber and Bureau.

To

The Secretary,

Revenue and Finance Department,

BOMBAY.

Sir,

I am directed by my Committee to invite your attention to the Press Note issued by the Director of Civil Supplies Bombay, in connection with the issue of Priority Passes for

goods carried on the Railway. My Committee is of opinion that for the purpose of assisting the Director of Civil Supplies in issuing Passes, it is necessary in the interests of trade and commerce that Government be pleased to nominate a representative Committee from among the leading commercial bodies of Bombay. My Committee suggest that a representative from each of the following bodies would be a suitable one for the purpose.

REPRESENTATIVES.

1. Bombay Chamber of Commerce.....one.
2. Indian Merchants' Chamber and Bureau.....one.
3. Native Piecegoods Merchants' Association .....one.
4. Cotton Merchants .....one.
5. Grain Merchants' Association .....one.
6. Mill-Owners' Association.....one.

My Committee hope that Government will take this into favourable consideration.

I have the honour to be,

Sir,

Your most Obedient Servant,

S. S. MEHTA,

25 Secretary.

APPENDIX 30.

Declaring a General Landing date by the Bombay Port Trust.

Bombay, 8th July 1918

No. B.—2006.

To

The Secretary,

Indian Merchants' Chamber and Bureau.

Sir,

I am directed to inform you that the present congested state of the Transit Sheds in the Docks owing to the non-clearance of import cargoes has been engaging the attention of the Trustees and the following proposal has been put forward by the Docks Manager as a measure likely to assist consignees in taking delivery of their goods and the Port Trust in the more speedy clearance of the sheds. I am to ask that you will please favour the Trustees with your views on the proposal at the earliest possible date.

Docks Manager's proposals.

Owing to the irregular and uncertain arrival of shipping advices, bills of lading etc., particularly from Home, great delay is experienced in the delivery and clearance of import cargoes from the docks; the Transit sheds are continually congested and heavy extra charges on goods become payable.

The following instances will exemplify conditions now prevailing in the Docks:—

S. S. "Clan Fraser" berthed at C. R.

Prince's Dock for discharge of imports 22nd May 1918.

Cargo discharged	3,000 tons (approximate)	
Cargo delivered up to 22nd June 1918	700 „	„
Cargo undelivered	2,300 „	„

(9,260 packages mostly piecegoods)

(The complete manifest had not been received on 22nd June 1918).

S. S. City of Agra.

S. S. "City of Agra" berthed at No. 2 Victoria Dock for discharge of imports 27th May 1918.

Cargo discharged	5,780 tons (approximate)	
Cargo delivered up to 22nd June 1918	1,890 „	„
Cargo undelivered	3,890 „	„

(13,000 packages, a large quantity of which are piecegoods)

(The complete manifest had not been received on 22nd June 1918).

S. S. "City of Adelaide" berthed at No. 10 Victoria Dock for discharge of imports 26th May 1918.

Cargo discharged ...	4,500 tons (approximate)	
Cargo delived up to 22nd June 1918 ...	2,075 „	„
Cargo undelivered ...	2,425 „	„

(about 5,000 packages piecegoods and 2,800 corrugated sheets)

(The complete manifest was received on 13th June 1918).

At No. 10 Victoria Dock there is in addition, to the above cargo ex S. S. "Elysia" of 24th April 1918, to the extent of some 1,500 packages, mostly piecegoods, lying uncleared on 22nd June 1918.

Similar conditions are experienced, more or less acutely, with all cargoes from Home and in certain cases with those from elsewhere, and this results in increasing congestion throughout the Docks and in greater and greater difficulties in the handling of fresh cargoes by the Docks Department.

Consignees' difficulties are a subject of frequent representation and recently a deputation of the Presidency Trades Association met the Docks Manager and discussed the situation.

A number of minor suggestions made have already been given effect to, but one of the principal points of discussion had reference to the difficulties resulting from the present Port Trust system of giving landing dates of import cargoes, and there can be no doubt that a simplification of this would have most beneficial results to all interests.

It is now recommended that, as a tentative measure, the system at Karachi of declaring a general landing date, that on which the bulk of a vessel's cargo has been landed into a Docks Transit Shed, shall be introduced in Bombay.

The number of "free days" to be allowed to consignees under the proposal has to be considered. At present consignees are allowed 7 free days in the case of dutiable imports, and 5 free days in the case of duty free. Packages are tallied, as far as possible, and the "free days" run from the actual day of landing. With a general landing date, declared for example, to be the 5th day after a vessel has commenced discharge a consignee of cargo landed on the 1st day will have 4 extra "free days" on his consignment so landed, and so on there will be

extra " free days " for all cargo landed up to the 5th day. A consignee of cargo landed after the 5th day will be in a correspondingly worse position but his case will, if necessary, be met by provisions for exceptions.

At Karachi 5 free days only, in the case of all imports, are allowed and it is thought that in this matter and under the present proposal Bombay should follow Karachi. In Calcutta it is to be noted that 3, in some cases only 2, " free days " from the actual day of landing are allowed.

In the event of these recommendations being accepted, the orders will run as follows-on the lines followed at Karachi viz.—

The landing date of a vessel's import cargo will be the day on which the bulk of the cargo has been landed in the Docks.

The landing date will be fixed under the authority of the Docks Manager.

All goods will be allowed storage in the Docks, free of rent, for 5 days.

The Docks Manager may grant such extension of "free days" as he may consider necessary in the case of portions of consignments landed in the Docks subsequent to the fixed landing date.

An extension will also be granted, if necessary, in the case of wines and spirits, the landing date for which will be the day on which the balance of such consignments has been landed in the Docks.

The Docks Manager will also grant extensions of the "free days," as may be considered necessary, when consignments or portions thereof cannot be traced in the Docks before the

expiry of the free days. Such extensions, however, will only be granted on the portions of a consignment that cannot be traced and provided that the consignee has taken due delivery of traceable portions (if any) of the consignment. Such extensions will date from the time when such consignments or portions thereof are traced and available for delivery.

Enquiry letters will be replied to in due course, but it is necessary for importers, in the first instance, to obtain information in respect of their consignments by daily verbal enquiries from the Docks Shed Officers. In cases where delivery of a consignment cannot be given, after presentation of importers' completed documents endorsement to that effect by a Docks Assistant Manager will be made on the Bill of Entry or Transhipment Permit."

The following amendment of the Docks Scale of Rates will be necessary:—

"Section III **RENTS.**

Cancel (a) paras (1) and (2) and substitute therefor—

(1) All goods will be allowed storage in the Docks, free of rent, for **5** days."

I have the honour to be,

Sir,

Your most obedient servant,

J. TYRES,

Secretary.

1st August 1918.

From

The Secretary,

The Indian Merchants' Chamber and Bureau,

BOMBAY.

To

The Secretary,

The Bombay Port Trust,

BOMBAY.

Sir,

With reference to your letter No. B. 2006 dated 8th instant I am directed by my Committee to state that the tentative measure recommended by the Docks Manager to adopt the system at Karachi of dealing as a general landing date, such date on with the "bulk of vessel's cargo has been landed into the Docks Transit Shed" will not prove equitable in its working in the case of importing merchants whose cargo might land after the declaration of the landing date. My Committee are not convinced that substantial couses warrant the proposed change in the system, as far as importers are concerned. It would be only fair to count the landing date from the day on which the articles are actually landed as at present which system has all along worked smoothly and equitably. As an alternative a period of five free days be allowed for the removal

of cargo from the date a vessel completes her discharge. Short discharged cargo should be understood to mean all goods landed on the shore except those remaining on the vessel through oversight or negligence.

My Committee fail to understand why importers should by penalised for congestion in transit sheds of the Docks. It is acknowledged by the Docks Manager that extensions of free days may be granted if necessary, on portions of cargo landed subsequent to the fixed landing date. It is also admitted that some allowances will have to be made for cargo untraceable before the expiry of free period. Since the whole proposal is full of exceptions and extensions in free time period, it cannot be called complete and sound in its idea. If the proposal were sanctioned as law the working of it would mean that the interests of importers are unprotected in view of the fact they will be left to the mercy of the Docks Manager and other subordinate officers in every point of clearance of the cargo landed under the proposed system.

My Committee, therefore, hope that the Trustees will rejec the Docks Manager's suggested proposal.

I have the honour to be,

Sir,

Your most obedient servant,

S. S. MEHTA,

Secretary.

APPENDIX No. 31.

Charging of fees by Survey Officers.

S. R. No. 2599 of 1918.

From

P. Eccles, Esquire, I. C. S.,

Collector of Customs,

BOMBAY.

To

The Secretary,

Indian Merchants' Chamber and Bureau,

BOMBAY.

Bombay Custom House,

23rd May 1918.

Sir,

In many cases in which merchants apply for the services of a Customs Officer for survey the survey is either not held at all or it is postponed to a further date. In one month it has been found that 25 % of the applications for an officer for survey have not been acted on. This leads to unnecessary waste of time as it is impossible to post officers to other work who have been detailed for this duty. I therefore propose to make the following rule but before bringing it into effect I shall be glad to have any remarks your Chamber may have to make on this proposal. "When an application is made for the services of a Customs Officer for survey, no fee will be charged

for the first hour of the officer's attendance, but a fee will be charged in the case of each application for all subsequent hours that an officer has to attend, in accordance with the scale laid down for the levy of fees for overtime work by Customs officers on page 94 of the 1914 Edition of Customs Standing Orders."

I have the honour to be,

Sir,

Your most obedient servant,

P. ECCLES,

Collector of Customs.

12th August 1918.

From,

The Secretary,

Indian Merchants' Chamber and Bureau,

BOMBAY.

To

P. Eccles, Esquire, I. C. S.,

Collector of Customs,

BOMBAY.

Sir,

With reference to your letter S. R. No. 2599 of 1918, dated the 23rd May 1918, I am directed to state that up to new no fees were charged for the attendance of the Customs Officer at the time of survey. If it becomes necessary for the purpose of

superintendence that the Customs Officer is required to be there to watch the articles of import and their condition, damaged or missing or sound; and if fees are charged for his presence, it will be a penalty to be paid by importing merchants. The interests of the parties are safeguarded by their own surveyors, and if Customs Officers have to be present there, my Committee think, it is to protect the interests of Customs and to ask importers to pay for such presence of Customs Officer is not equitable. My Committee fail to perceive any sound and cogent reason for making a change in the existing rule, as it is not shown that of late there has been a considerable delay on the part of importers in holding such surveys. There is a time-limit of holding such surveys with the shipowners and if such surveys are held within the time, the liability of shipowners ceases and consequently, it is not to the advantage of importing merchants to put off the operation of surveys. My Committee have strongly to protest against the proposed rule regarding the fees charged for attendance during surveys being brought into force from the 15th August 1918, as suggested by you in your letter of the 1st instant.

I have the honour to be,

Sir,

Your most obedient servant,

S. S. MEHTA,

Secretary.

R. S. R. No. 2599 of 1918.

From

P. Eccles, Esquire, I. C. S.,

Collector of Customs,

BOMBAY.

To

The Secretary,

Indian Merchants' Chamber and Bureau,

19, Bank Street,

BOMBAY.

Bombay Custom House,

22nd August 1918.

Sir,

In reply to your letter dated the 12th Current, I have the honour to say that the rule is designed to save waste of time by importers applying for an officer to be present at a survey and their not attending. If in practice the rule works harshly and I do not think there is any reason to apprehend that it will—I shall be prepared to reconsider it.

I have the honour to be,

Sir,

Your most obedient servant,

P. ECCLES,

Collector of Customs

Presented

by

JEHANGIR BOMANJEE PETIT.

Digitized with financial assistance from

Government of Maharashtra

on 01 February, 2020

PRESENTED
— BY —
JEHANGIR BOMANJEE PETIT